

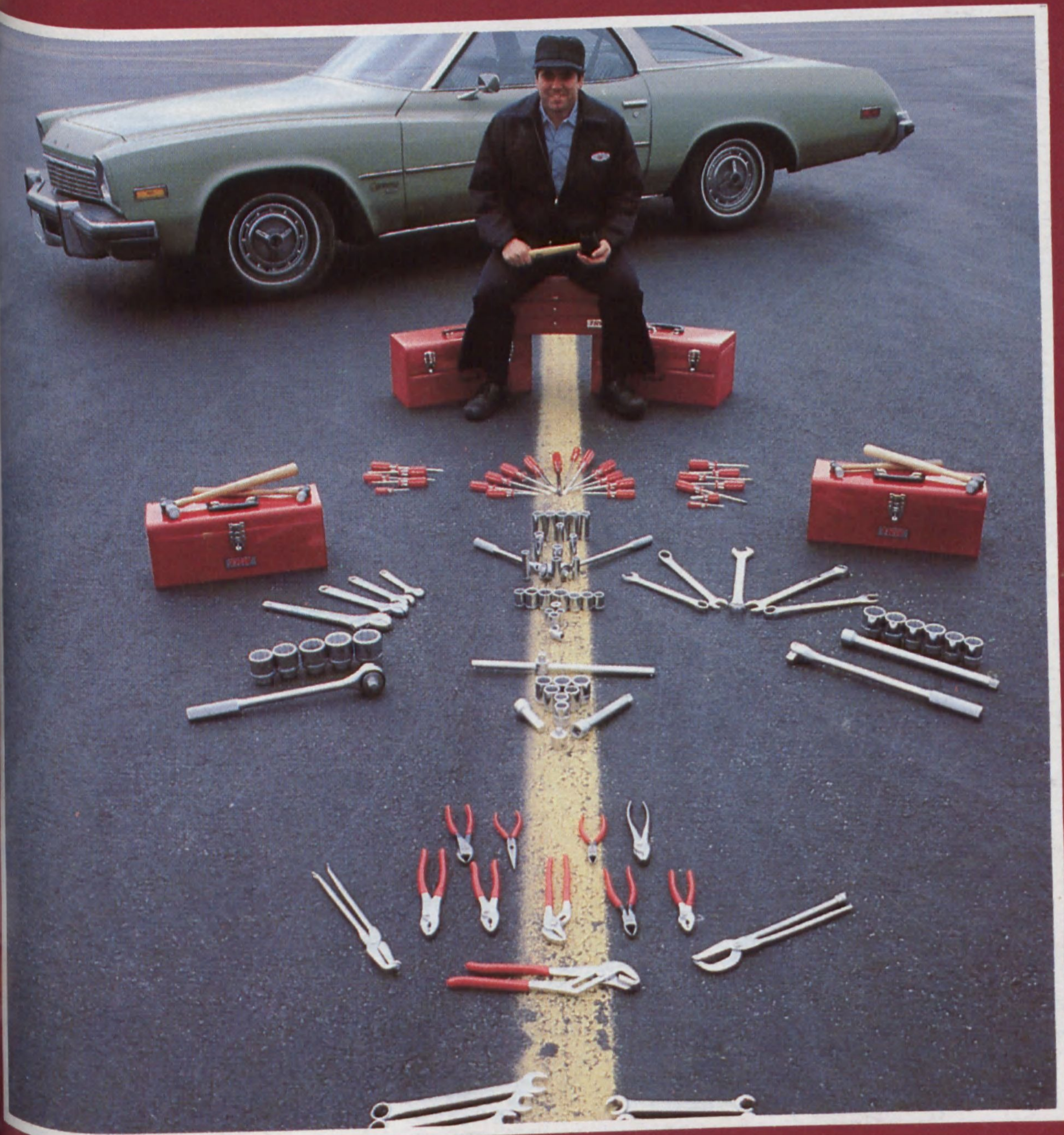


**automotive  
executive**

**December  
1979**

Published for America's automobile and truck dealers

# **Boosting Business In Service & Parts**



**Body Shop  
Estimating  
In The  
Computer Age**

**A Unique Slant  
On Marketing  
Prestige Cars**

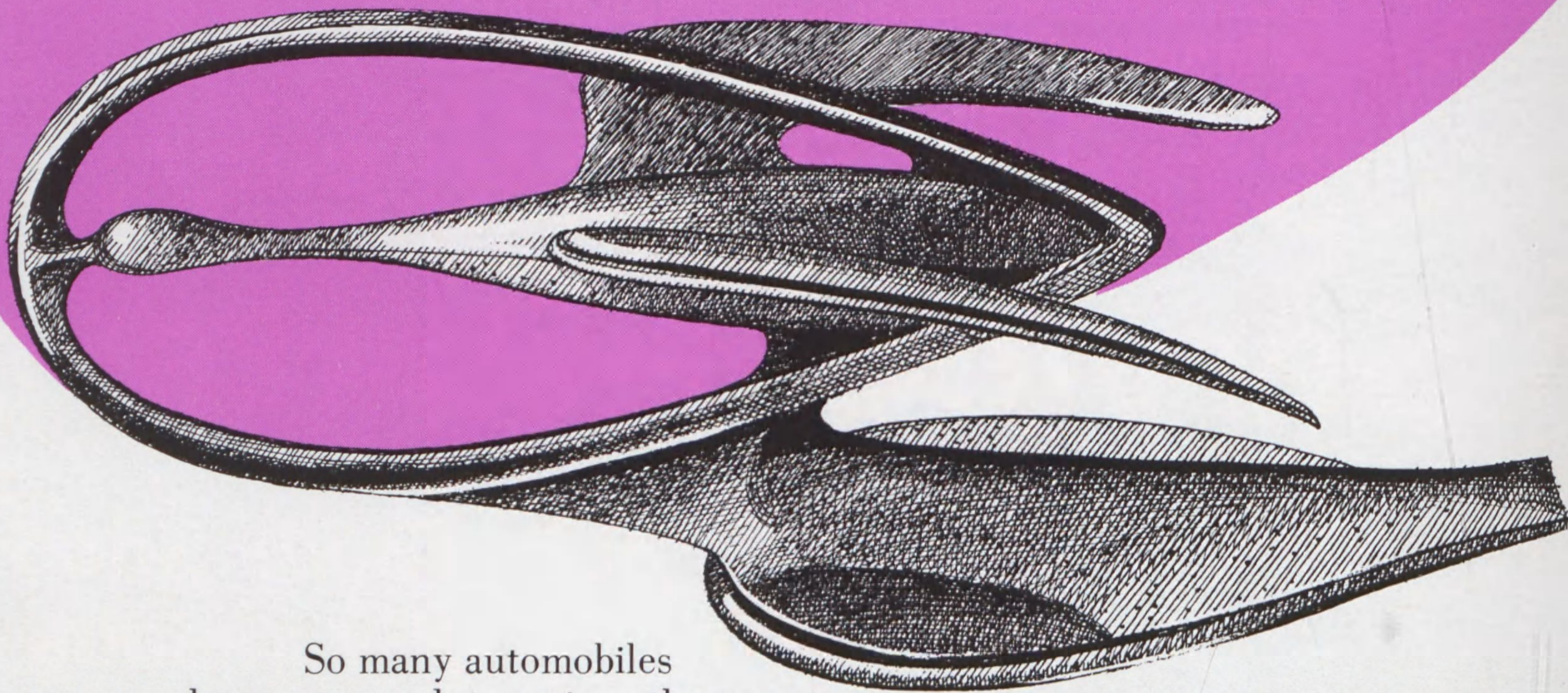
**Those Exotic  
Specialty Autos**

**Status Report:**

# **Used Cars and the FTC**

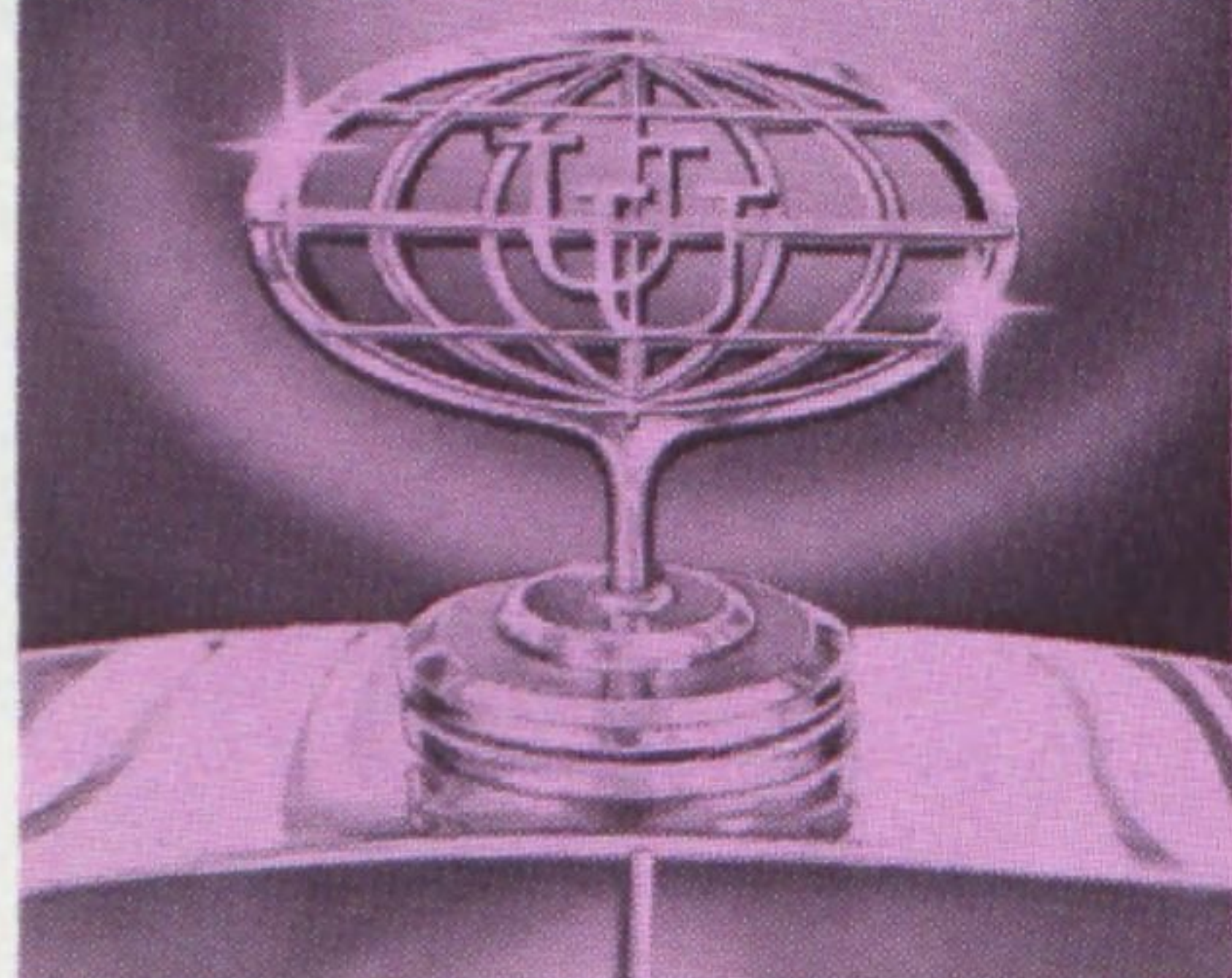


# *Know this symbol?*



So many automobiles have come and gone since the turn of the century, the 64-year history of Studebaker makes it one of the memorable cars that still can be spotted on the road. The streamlined swan became the company's first mascot in the mid-thirties — and it was used many times within a chrome oval ring. A ring of chrome enclosing the letter S was revived in 1961 for the Hawk model, but five years later Studebaker sang its swan song. The well-known symbol in the insurance world that has been around for more than a half century is the Universal world — representing the company that more and more authorized franchised automobile dealers turn to for life insurance and for property and casualty coverages designed especially for them.

**The symbol of  
integrity.**



Without a good code of ethics, we could not have retained the trust of authorized franchised automobile dealers for over half a century.

## **UNIVERSAL UNDERWRITERS INSURANCE COMPANY**

A member company  
of the Lynn Insurance Group  
E. M. Lynn, President

Universal Underwriters Insurance Company  
5115 Oak Street, Kansas City, Missouri 64112

Please send me a folder about Unicover®, the insurance  
written for authorized franchised automobile dealers.

Name & Title

Dealership

Address

City

State

ZIP

Mr. Dealer: Attach your business card or fill out coupon.



# Executive Notes

## Industry news for the automotive executive

**Ford leads '80 CAFE derby.** According to a release from Ford Motor Co., the number two automaker leads the domestic pack in the 1980 Corporate Average Fuel Economy (CAFE) competition for passenger cars. William O. Bourke, executive vice president—Ford North American Automotive Operations, said that based on unofficial estimates, Ford's passenger-car CAFE of 21.6 mpg is better than that of its closest domestic competitor. The company's current 1980 CAFE projection for passenger cars represents an increase of more than 2.5 mpg over the 1979 CAFE and is well above the 1980 government-mandated standard of 20.0 mpg, said the Ford release.

\*\*\*

**GMC gears for Indy.** GMC Truck & Coach Division of General Motors has been selected to provide official support vehicles for the 64th Indianapolis 500 race, May 25, 1980. GMC will provide 50 pickup trucks, Suburban station wagons and vans which will be used as general transportation, safety and emergency vehicles during the race. The official 1980 Indy GMC trucks will be white and silver with black and red trim and will feature a distinctive stylized eagle hood decal. They are designed to complement the official pace car from Pontiac Motor Division. GMC also plans to produce a limited number of pickup trucks which will be replicas of the actual support vehicles for sale through participating GMC dealers.

\*\*\*

**Toyota passes 4 million milestone.** Toyota Motor Sales, U.S.A., Inc., has sold its four millionth vehicle in the United States. The sale of the milestone vehicle, a 1980 Corolla Tercel SR5 Liftback, took place at the Toyota of Irving dealership near Dallas, Texas, and was combined with a grand opening ceremony of that dealership's

newly expanded facilities.

"It took 15 years—from 1957 to 1972—for Toyota to sell one million units in the U.S.," said Isao Makino, president of Toyota Motor Sales, U.S.A., Inc. "We now have sold three million additional vehicles in less than seven years' time."

\*\*\*

**Dealers support driver ed.** According to the Highway Users Federation, franchised new car dealers across the country loaned high schools a total of 35,900 motor vehicles for driver education programs during the 1978-79 school year.

The vehicles represented a record \$262 million investment in traffic safety training on the part of auto dealers. They also made up 80 percent of the 45,100 vehicles which constitute the driver education fleet in the nation's public schools. The balance of the fleet was comprised largely of vehicles owned, leased or rented by the schools.

Texas schools enjoyed the largest fleet of dealer-loaned cars—2,685—barely topping Illinois' total of 2,602 loan vehicles. Local dealers also loaned more than 2,000 cars in three other states: Michigan (2,365); Indiana (2,119); and Wisconsin (2,030).

\*\*\*

**Gloomy RV forecast.** Recreation vehicle shipments in 1979 will be down 49 percent from last year, according to the Recreation Vehicle Industry Association's latest forecast.

"Once the gas lines disappeared, we were hopeful RV shipments would show a slight rebound during the latter part of the year," said John Agno, chairman of RVIA's Market Analysis Committee. "But now sales are being slowed by concerns over economic conditions—spreading unemployment, continued record levels of interest rates and declines in consumer spending—and we're not expect-

ing our turnaround to come until the first quarter of 1980."

RVIA is forecasting the total number of vehicles to be shipped in 1979 at 200,800—not including multi-use vehicles. Shipments in 1978 totaled 389,000.

\*\*\*

**Conservation caravans.** "Drive for Conservation" caravans sponsored by the Atlantic Richfield Co. are currently touring the country to teach motorists the most effective gasoline-saving driving and maintenance techniques. The 14-month program was launched in September and consists of four "caravans," each covering a different section of the United States.

The caravans each feature a dynamometer specially built for the program by Clayton Manufacturing to accurately duplicate a wide range of driving conditions. A car mounted on this dynamometer is "driven" over a simulated course by volunteer drivers. Special instruments measure exactly how much gasoline is consumed and point up driving practices that waste gasoline. An instructor then explains the Fuel Efficient Driving System and the drive is repeated, with a gas savings of up to 30 percent recorded on the instrumentation and witnessed by spectators.

Caravan Unit I will be in Orlando, Fla., December 5-8, in Ft. Lauderdale, December 12-22, and in Miami, December 26-29. Unit IV is scheduled for the City of Industry, Calif., November 29-December 2. The other two caravan units will resume touring after the winter.

\*\*\*

**NADA** Applications are now  
**NOTICES** being accepted for  
Class III of the NADA

**Dealer Candidate Academy,** tentatively scheduled to begin in February 1980. This comprehensive course, designed for persons planning to become active dealers, covers all areas of dealership man-



# Executive Notes--

agement. Over a 12-month period, candidates attend seven intensive classroom segments focusing on individual areas of dealership management and required management skills. After each segment, candidates return to their sponsoring dealership for directed work experience in selected jobs. Each candidate is monitored and visited by a consultant from NADA throughout the 12-month period. Tuition for the academy currently is \$5,000, with candidates responsible for travel expenses to the seminars. A comprehensive article on the Dealer Candidate Academy was published in the September 1979 issue of **automotive executive** ("NADA's School for Tomorrow's Dealers"). . . .

The **scheduling and loading system** of NADA's SHOP TRAK program—until recently available only with installation of the entire service department program—is now being offered on a separate and distinct basis. For information about how to obtain this popular system, call Alan Flores at (703) 821-7229 or write him at NADA, 8400 Westpark Dr., McLean, Va. 22102. . . .

NADA recently became an associate member of the **Vocational Industrial Clubs of America, Inc.**—an organization for students preparing for work in the industrial world. Associate membership in VICA will enable the NADA staff to assist in an advisory capacity on training matters relating to automotive service technology. Through this cooperative relationship, NADA hopes to promote VICA membership interest in the profession of automotive technician, while encouraging auto dealerships to hire these "professionals of the future."

\*\*\*

## CORPORATE

## ANNOUNCEMENTS

### Ford Motor Company

has formed a Research Advisory Council to aid senior management in planning the direction of automotive research programs.

Five internationally known scientists make up the council which

will meet three times a year for two-day sessions to review Ford's research efforts.

Council members are: Dr. William O. Baker (chairman), chairman of the board of Bell Telephone Laboratories; Dr. John D. Baldeschwieler, professor of chemistry at California Institute of Technology; Dr. John G. Truxal, professor of engineering at the State University of New York at Stony Brook; Dr. Franz F. Pischinger, director of the Institute of Applied Thermodynamics at the University of Aachen (West Germany); and Dr. David S. Saxon, president of the University of California. . . .

**American Motors** has announced a new Service Security Plan which extends major component coverage up to 36 months or 36,000 miles at a nominal cost.

The plan is available on all 1980 AMC cars as well as some 1979 models. Buyers of vehicles sold on or after September 1, 1979, are eligible to buy the plan within 90 days after delivery. . . .

**BMW of North America, Inc.** has consolidated all sales, parts and non-technical service training into a newly designated corporate sales and management training department within the marketing group headed by former manpower development manager John W. Mitchell. . . .

**Transport Acceptance Corp.**, the sales financing subsidiary of Fruehauf Corp., has opened its new national headquarters in Nashville, Tenn. It stands on four acres with 6,000 square feet of floor space. . . .

**White Motor Corp.** is relocating its corporate office from leased quarters in Eastlake, Ohio, to its facility in Farmington Hills, Mich., in order to be closer to the motor vehicle capital of the U.S.

The initial move involves the principal corporate officers. Certain new functions, including an International Group, are also being established at the Detroit-area site. . . .

**Roadstar Corp.**, maker of car stereo equipment, has moved into a new building in Huntington Beach, Calif., that more than dou-

bles previous office and warehouse facilities. It covers more than 30,000 square feet. . . .

**IVECO Trucks of North America, Inc.**, marketer of Magirus mid-range diesels, and its distributors have established the IVECO National Dealer Advisory Council.

The 12-member council, made up of either principal owners or executive officers of Magirus dealerships, will represent the more than 125 IVECO distributors nationwide. It will advise the company on such issues as sales, product, warranty, parts and service.

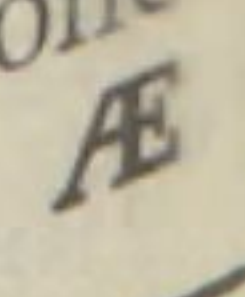
IVECO has also announced that the first Magirus mid-range diesels with California-certified engines have been prepared for delivery at its new truck preparation center in Alameda, Calif. . . .

**Kenco Engineering and Guardian Components** have merged, combining their engineering, manufacturing and marketing expertise in the production of RV accessories and component parts. . . .

**Empco, Ltd.** and the **Bomaine Corp.** have entered into a joint venture agreement called Capital Group Tire Sales/Warehouses in which previously individually operated stores will be grouped into one chain to sell tires, wheels and related automotive products. . . .

**SGL LUBE/systems** will be moving from its present facility in Saddle Brook, N.J., to a larger facility in Elmwood Park, N.J., to better serve their markets. . . .

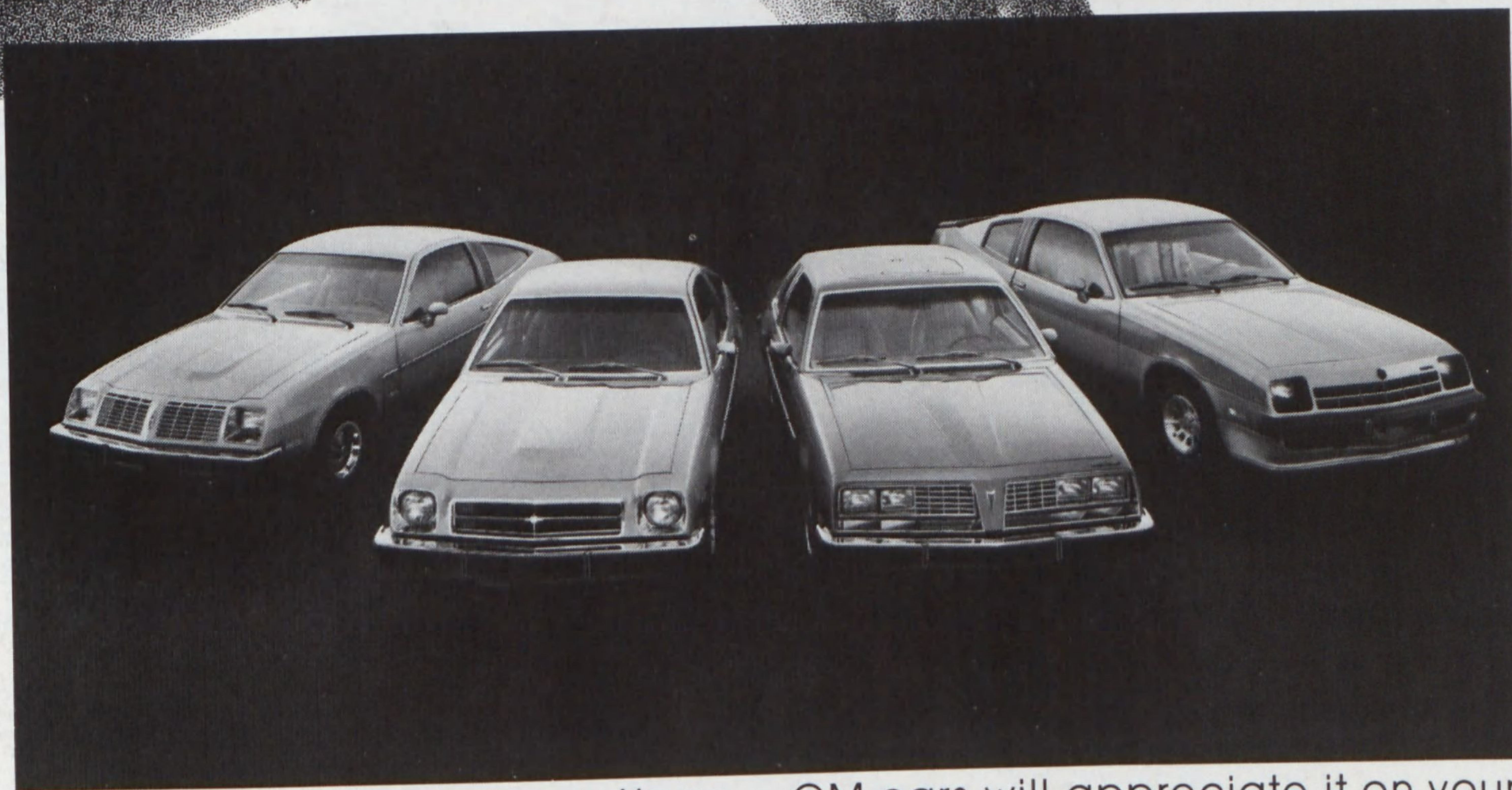
**Spartan Plastics** has announced the construction of a 50,000-square-foot manufacturing facility in Holt, Mich., due to the increased volume of business in the foreign and domestic markets. . . .

**Hamilton Test Systems** has been awarded a multi-million dollar contract by the Buick Motor Division to build a computerized test system designed to check automobile engines coming off the assembly line. The "hot-test" system will be used to run production acceptance tests on various V-6 engines Buick will produce at one of its Flint, Mich., facilities. 



TO ALL GM DEALERS:

# 'TILT' YOUR '80 H-SPECIALS!



- TILT-WHEEL (N33) your demos and inventory—it's the low-cost convenience option that adds sales appeal.
- TILT-WHEEL means easier in, easier out... fits your H-Specials to all-size drivers.
- Buyers who've had TILT-WHEEL on other

GM cars will appreciate it on your H-Specials, too.

- TILT-WHEEL is factory-installed—TILT your orders now, customers will thank you later.
- TILT-WHEEL is another GM small-car plus to help sales and profit opportunities.

**Saginaw Steering Gear Division**





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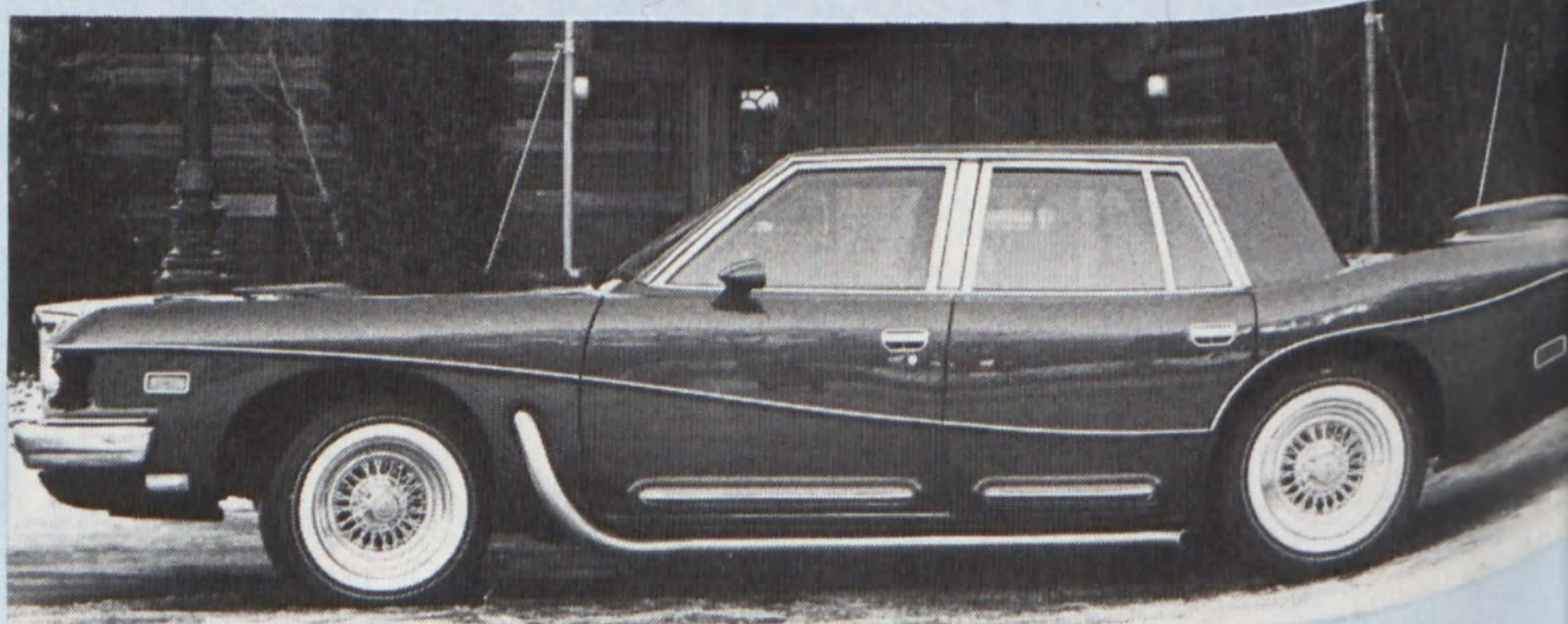
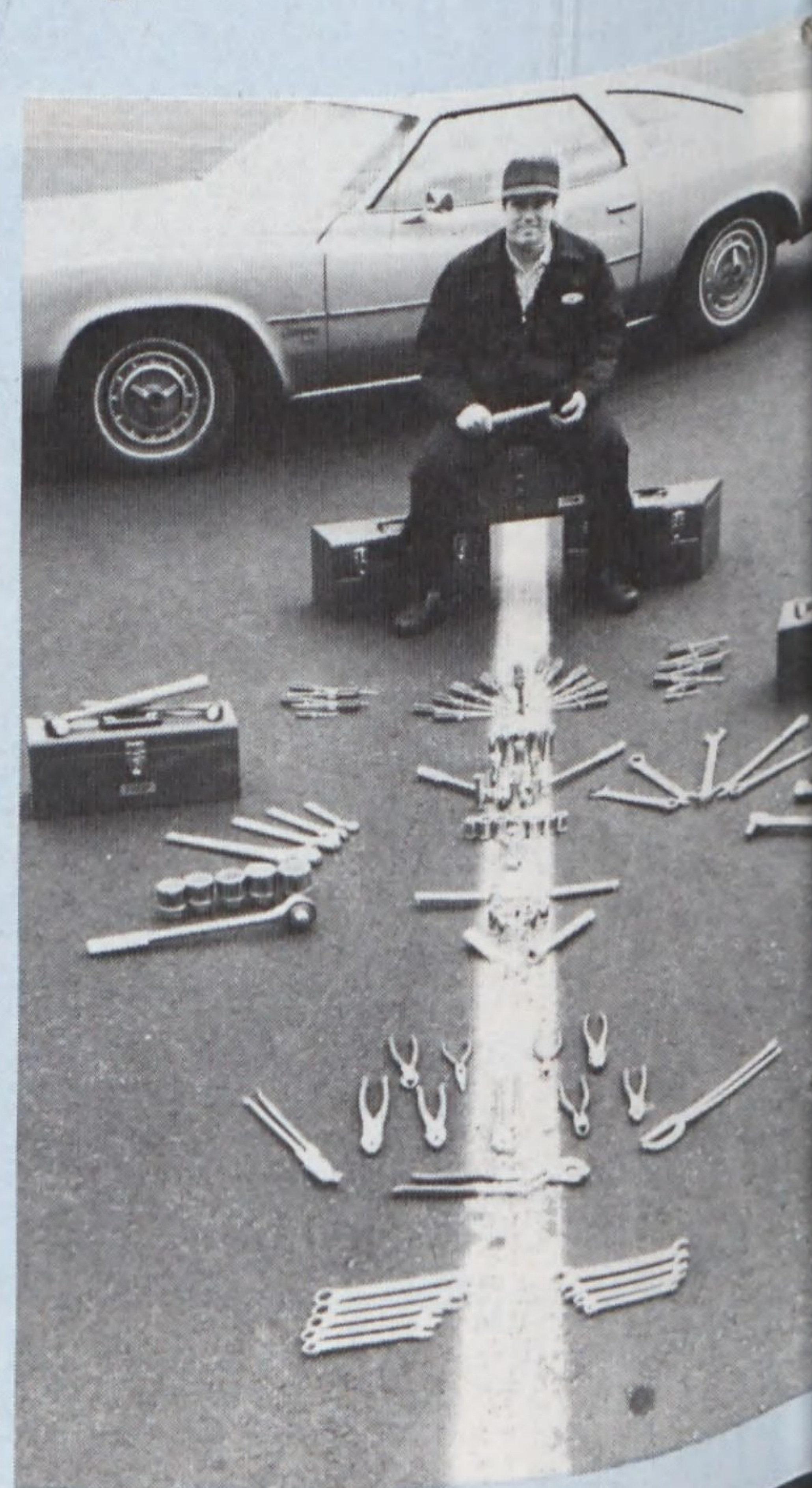
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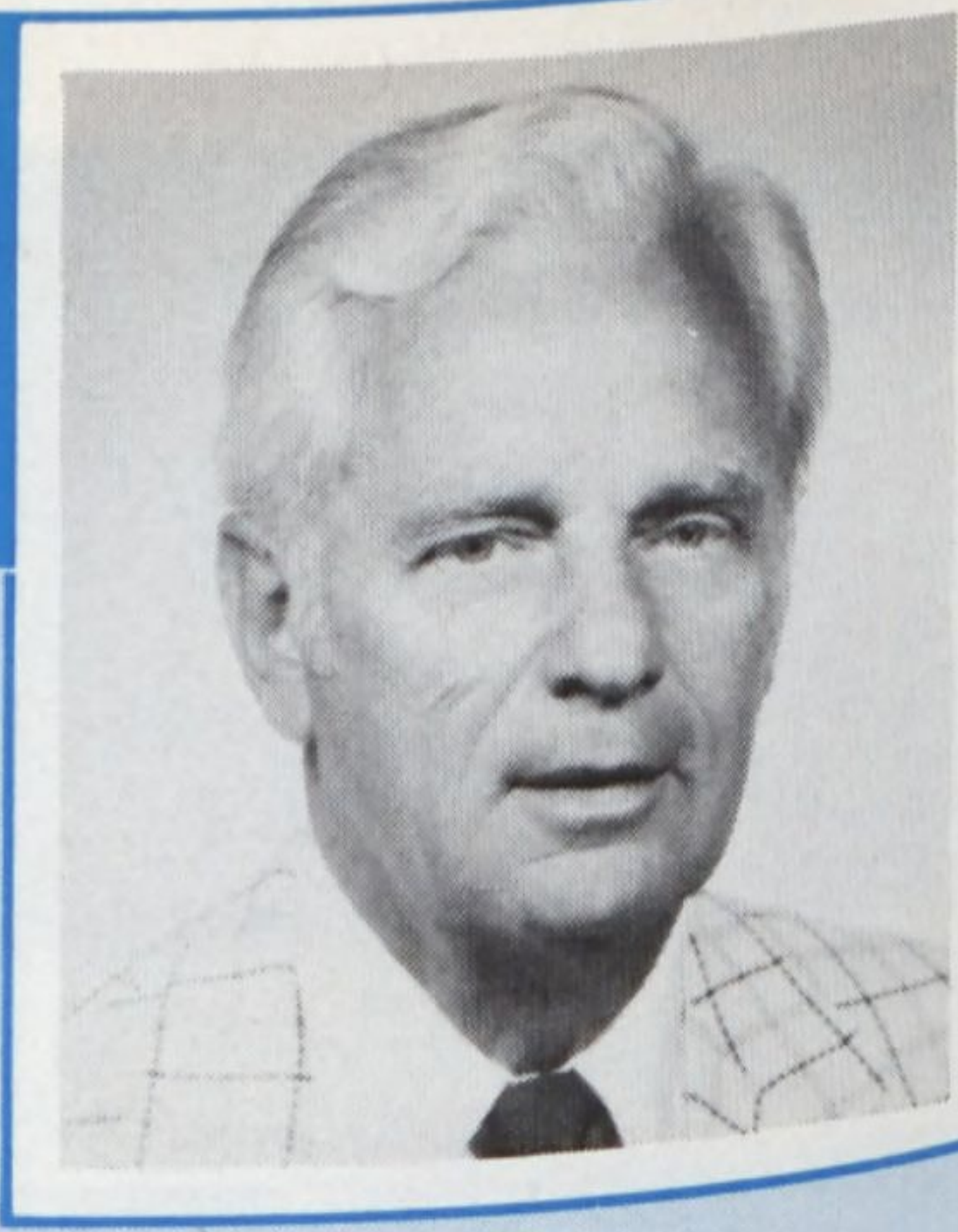
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# Auction Block



George Basel

## Our Industry's 'Stock Exchange'

**T**he National Auto Auction Association reports that 1979 has been its greatest year in respect to *image* in the automotive industry. The addition of 13 new members and two associate members this year—the largest increase since 1965—has bolstered its membership ranks to 128.

To be accepted into the association, an auto auction must have been in business at least one year. Any auction making application for NAAA membership is thoroughly checked for financial stability and business integrity before it's accepted by the association.

NAAA is broken down into four regional associations (Eastern, Southern, Midwestern and Western). Each region has scheduled upcoming meetings at the following locations:

*Eastern Auto Auction Association*—January 24–27, Xanadu Beach Hotel in Freeport, Grand Bahama Island.

*Western Auto Auction Association*—February 14–17, Del Coronado Hotel in San Diego, Calif.

*Midwestern Auto Auction Association*—February 22–24, Hyatt Hotel in Hilton Head, N.C.

*Southern Auto Auction Association*—April 10–12, Rivermont Holiday Inn in Memphis, Tenn.

\*\*\*

Tom Beasley's Nashville Auto Auction has signed a new contract with Ford Motor Co.

that will allow the Nashville firm to offer year-round Ford sales to its customers. Beasley, who recently opened his new \$2 million facility at 1450 Lebanon Rd. in Nashville, has been in the auction business for 26 years and consistently shows a successful sales record.

Out of nine sales this year for the Ford company at Beasley's, eight have sold 100 percent consignment and the ninth sold 93 percent.

Nick Cocoves, auction sales manager for Ford, said his company works with more than 15 auctions nationwide. You dealers looking for used Fords, check your local auction.

\*\*\*

Speaking of Ford sales, Melvin Reed, president of 166 Auto Auction, Inc., Springfield, Mo., presented Claude Scoggins, Ford coordinator, a check at the Ford sale last September 13 for \$2,102,590.20. That was a record for Ford in the used vehicle resale program.

\*\*\*

Bob McConkey's South Seattle Auto Auction showed his appreciation to his many dealer customers and friends by inviting them to his "Feast of All Feasts" held October 24. The feast consisted of moose and caribou meat and the famous Alaskan salmon.

\*\*\*

There's a new auction opening in New Jersey called South Jersey Dealers Auto Auction. It's located at I-295 and Har-

mony Rd. in Mickleton, NJ (ZIP is 08056). Present plans are to have Thursday sales starting at 11 a.m. Call (609)423-3333 for information about the auction's grand opening. S. J. Cuzzilla is president of the new firm.

\*\*\*

As the used car market has improved over the last couple of months, Southern Auto Sales, Inc. (SASI) in Warehouse Point, Conn. has continued to improve its facilities by: (a) completely renovating its auction lanes; (b) installing a 20,000-gallon fuel tank to meet dealer needs during fuel shortages; (c) expanding reconditioning facilities; and (d) planning for installation of the latest computerized office equipment.

SASI co-owners Larry Tribble and Bob August have announced their annual "Appreciation Promotion" for 1979 which will be bigger than ever before. This is an incentive program to increase their dealer customers' activity at SASI. Grand prize will be a 1980 Cadillac Coupe DeVille plus five runner-up prizes. The contest began October 10 and will be culminated with the grand prize drawing December 19.

Contact SASI for complete details. Phone number is (203) 623-2617.

\*\*\*

This is the time of year when used car values change quickly. To keep abreast of these market changes visit your local auctions and use them. As Pete

Auction Block is prepared exclusively for **automotive executive** by George Basel of the NADA Official Used Car Guide. All comments or questions pertaining to these columns should be mailed to: George Basel, **automotive executive** magazine, 8400 Westpark, Dr., McLean, VA 22102.



Murray of Northway Exchange, Inc. in Clifton Park, N.Y. says, "These services don't cost—they pay!"

\*\*\*

Jim Gynes and Harvey Klein, co-owners of Southeast Auto Auction in Phoenix, Ariz., have announced their annual "Stuffed Toy Party" for each sale in December. The stuffed toys consist of teddy bears, giraffes, turtles and dogs. On sale days, these toys are hung from the ceiling of the sales barn, making a colorful display.

At the end of the sale, Gynes and

Klein draw winners from the sold car tabs, alternating between buyers and sellers. Dealers have often commented that they have won two of the stuffed animals, but have three youngsters and had to stop on the way home to buy an extra toy to keep peace in the family.

\*\*\*

Roy Cox, owner of Concord Auto Auction in Acton, Mass., announced the other day his general manager, Frank Parker, has left the organization. Joe Zarrella has been selected to replace Frank.

## Hundreds of select GM dealers choose Genway's rent-a-car program.

Only Genway offers 15 years' experience in working specifically with GM dealers. . .

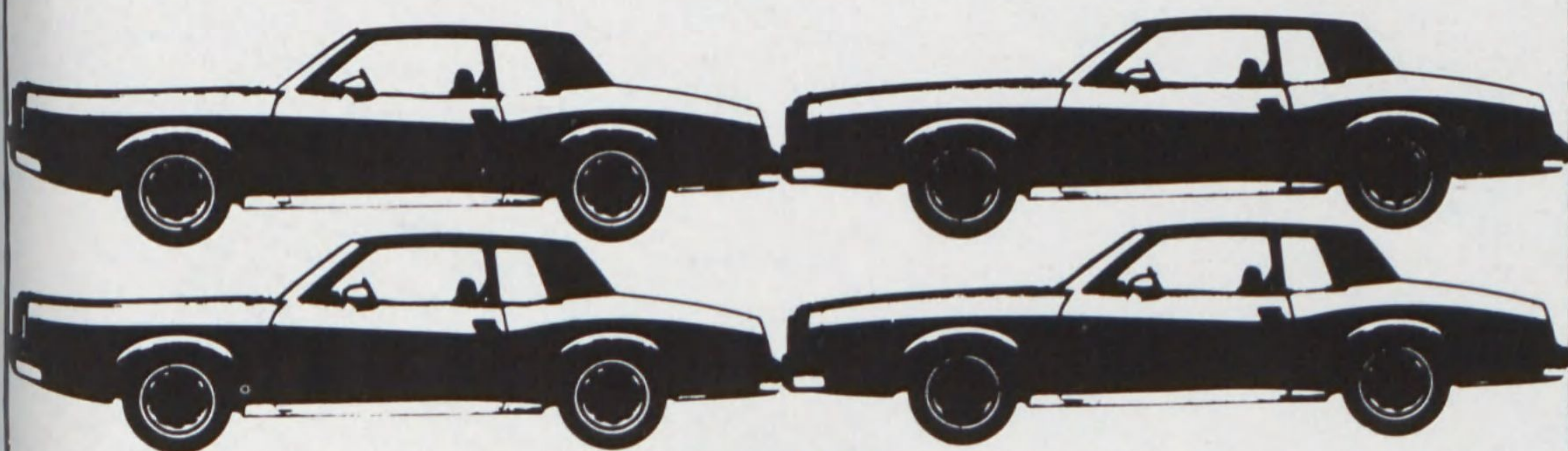
Designing rental programs tailored for dealer operations.

Training and assisting dealers to develop and expand their daily rental program.

### PLUS

- FINANCE • INSURANCE • ADMINISTRATION •
- SERVICE • MANAGEMENT ASSISTANCE •

Put our experience to work for you . . . today!



**GENWAY**

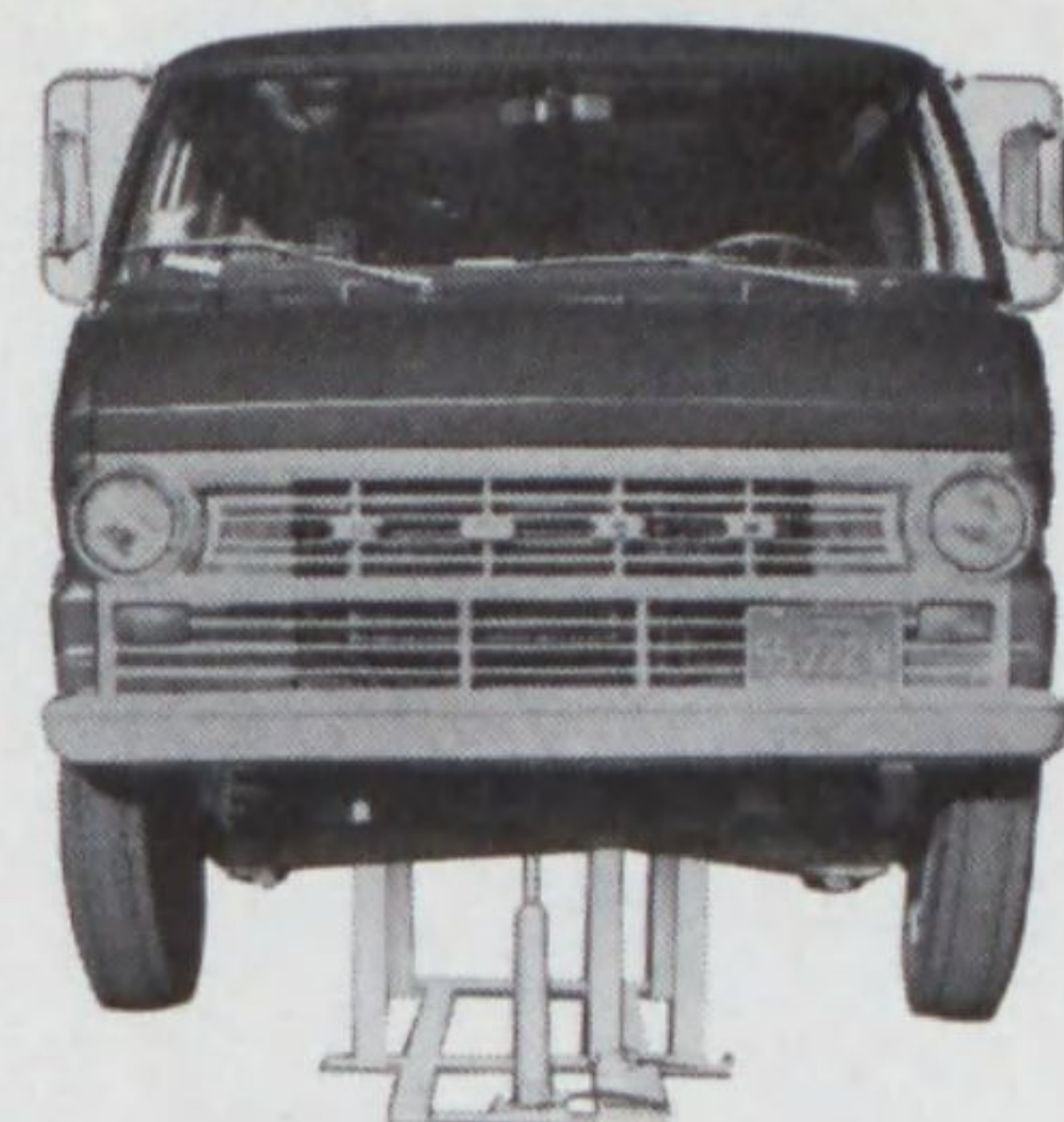
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Serving General Motors Dealers for over 15 years.

"It is unlawful to offer or sell any franchise without providing you a Disclosure Circular at least ten days prior to execution of any binding contract or payment of any consideration or at the time of your first meeting with our representative, whichever is earlier."

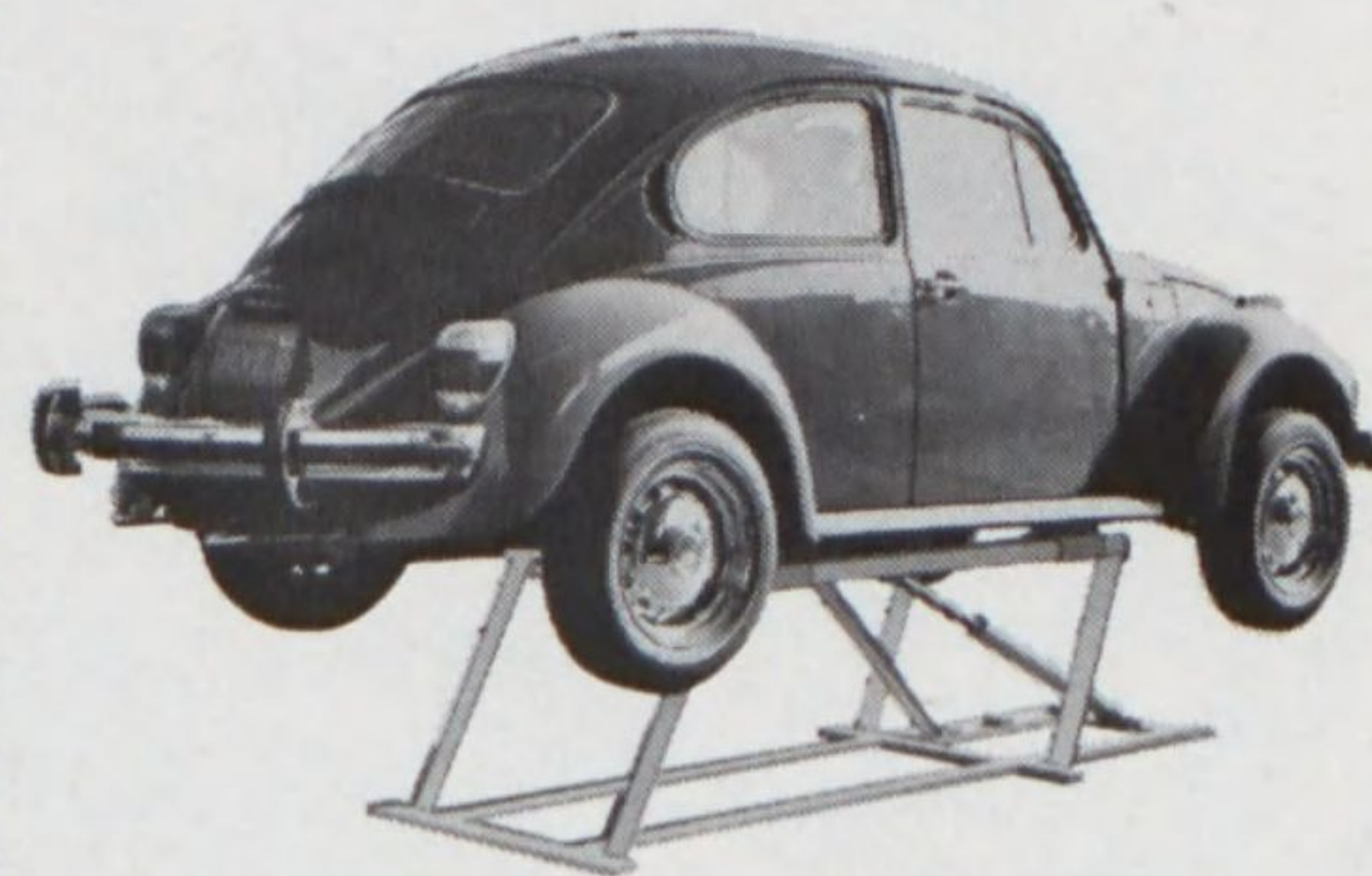
## NEW! Port-A-Lift 6000



Model PL-6000

- Ideal for:
  - tire shops
  - service stations
  - garage expansion
  - new car service
  - brake service
  - body work
  - low ceiling
  - second story
- Swing-arm and pad-type models available
- Lifts up to 6000 pounds
- Frees other lifts for major service
- Requires less than a parking stall's space
- Plugs into any 110-volt outlet
- Economical to own, easy to install
- May be relocated easily, quickly
- Available for immediate delivery

If your shop needs a lift . . . BENWIL!



Pad Type

FREE! New brochure on the Port-A-Lift 6000 and other Benwil lifts. Send coupon to:

**BENWIL**  
INDUSTRIES, INC.

20526 Gramercy Place  
Torrance, CA 90501  
213-533-5085

Company \_\_\_\_\_

Name \_\_\_\_\_

Street \_\_\_\_\_

City \_\_\_\_\_ State \_\_\_\_\_ Zip \_\_\_\_\_

Phone (\_\_\_\_) \_\_\_\_\_



# If you think your auto finance program is competitive...

**PERSONAL LOAN APPLICATION**

Office: Main Branch Months To Pay: 36

Amount Needed: \$7,822.58 Purpose: Automobile Purchase

Regardless of your marital status, you may apply for credit in your name alone or with a person other than you. If you are married and not separated and are a resident of California, information must be signed by your spouse. If you apply for credit jointly with my spouse, all debts will be presumed to be community liabilities.

☒ Personal Use (Family, Home, etc.) ☐ Commercial, Agricultural

☒ If This Is A Lease Application

☐ With my spouse

☐ Jointly with my spouse

**APPLICANT**

First Name: Robert Last Name: Smith APT. NO.: 3 VRS. 4 MOES 8

Current Street Address: 179 South Elm Dr. City: Los Angeles State: CA ZIP: 90066

Former Street Address: 1329 Hyatt Rd. City: Fresno State: CA ZIP: 93726

Age: 34 Sex: M Marital Status: ☒ Married ☐ Unmarried ☐ Separated

Home Telephone No.: 466-5679 Education (Check One): ☒ 12 YRS. ☐ 13-15 YRS. ☐ 16 YRS. & OVER

Name and Address of Nearest Relative Not Living With You: Harold Smith 1127 Brookline, Culver City, CA

Personal Reference: Mrs. Madeline Jones City: Glendale Telephone Number: 537-2618

**CREDIT EXPERIENCE**

Check Box "A" if the credit is in your name alone. Check Box "B" if the credit is jointly with your spouse. Check Box "C" if the credit is in your spouse's name only.

Check Box	NAME AND ADDRESS OF CREDIT GRANTOR	ACCOUNT NUMBER	BALANCE	DATE PAID
A	Varivision Productions			
B	824 N. Citrus, Los Angeles			
C	Universal Studios			
A	Photographer			
B	Fidelity Mortgage Co.			
C	Mastercharge			
A	Union Oil			
B	Bank of America, Laurel Branch			
C	San Jose			
A	San Francisco			
B	620-327-3945-12			
C	231-4579-3682			
A	607-23451-9875			

**Signature of Applicant:** Robert W. Smith Date: 9-14-79

**Signature of Spouse:** Andrea K. (Spouse's signature not required)

**INSURED**



# ...we guarantee it isn't.

LOANPOWER is probably the most important financial instrument to be developed over the last decade. It is going to have a profound effect on the way cars are sold and financed.

As prices go up, it's becoming increasingly inconvenient for many people to meet the requirement for the traditional down payment.

That's where LOANPOWER comes in: as the lender you can now accept as little as 5% down payment on your car loans — *with protection against financial liability.*

## What is LOANPOWER?

LOANPOWER is an exciting new marketing tool that provides protection against defaults on all car loans contracted through this program.

The *borrower* pays the cost of LOANPOWER, usually by including it as part of his monthly payments.

And now that low down payments are possible, you can see why LOANPOWER is the most important new idea in auto financing since the introduction of the lease.

There's a lot more to LOANPOWER than excellent benefits which provide lender protection — LOANPOWER is a program your customer can easily understand. And he'll quickly relate to the strong financial leverage he gets.

\*Complete details available upon request.

## LOANPOWER gives you the competitive edge.

Once auto dealers become aware of the tremendous potential of this program as a sales tool, they'll be eager to guide their indirect loans through your bank.

And, since LOANPOWER will bring you a lot of new auto loan customers, you can expect them to take advantage of your other banking services, too.

## Protected profits.

LOANPOWER provides security against covered defaults.\*

Put simply, the lender is *protected* for either unpaid principal or accrued interest right up to the date of settlement.

And, if a default occurs, we handle all the paperwork, costs, and physical repossession ... actually reducing labor requirements.

## A sound program backed by years of experience.

LOANPOWER was developed through the combined efforts of three national companies: Midland Insurance Company, Frank B. Hall and Company, and the Credit Protection Insurance Agency, Inc. All three possess in-depth understanding and experience in the automotive and financial industries.

We welcome the opportunity for you to examine this viable new vehicle loan program. To put LOANPOWER to work for you, contact:

# LOANPOWER

Credit Protection Insurance Agency, Inc.

7619 East Greenway Road

P.O. Box 1648

Scottsdale, Arizona 85260

Toll Free (800) 528-3155

Arizona only (800) 352-7330



# We're taking "MOR" to New Orleans

so you'll have less to  
worry about back home

Your business is always vulnerable to fire, flood, crime, lawsuits and other threats. Unless you've got the steel nerve of a riverboat gambler, that's a frightening thought.

You come to the NADA convention to learn the things you need to know to keep your business on stream. While you're in New Orleans, talk to an American Hardware Mutual man about "MOR" — Management of Risk.

"MOR" is a program designed to evaluate, minimize and manage the element of risk in your operation. Keep your business rollin' along. A free Preventive Management Self-Test Series can pinpoint those areas where you are most vulnerable, and where you've "covered your bets." It could reduce your insurance premiums right away.

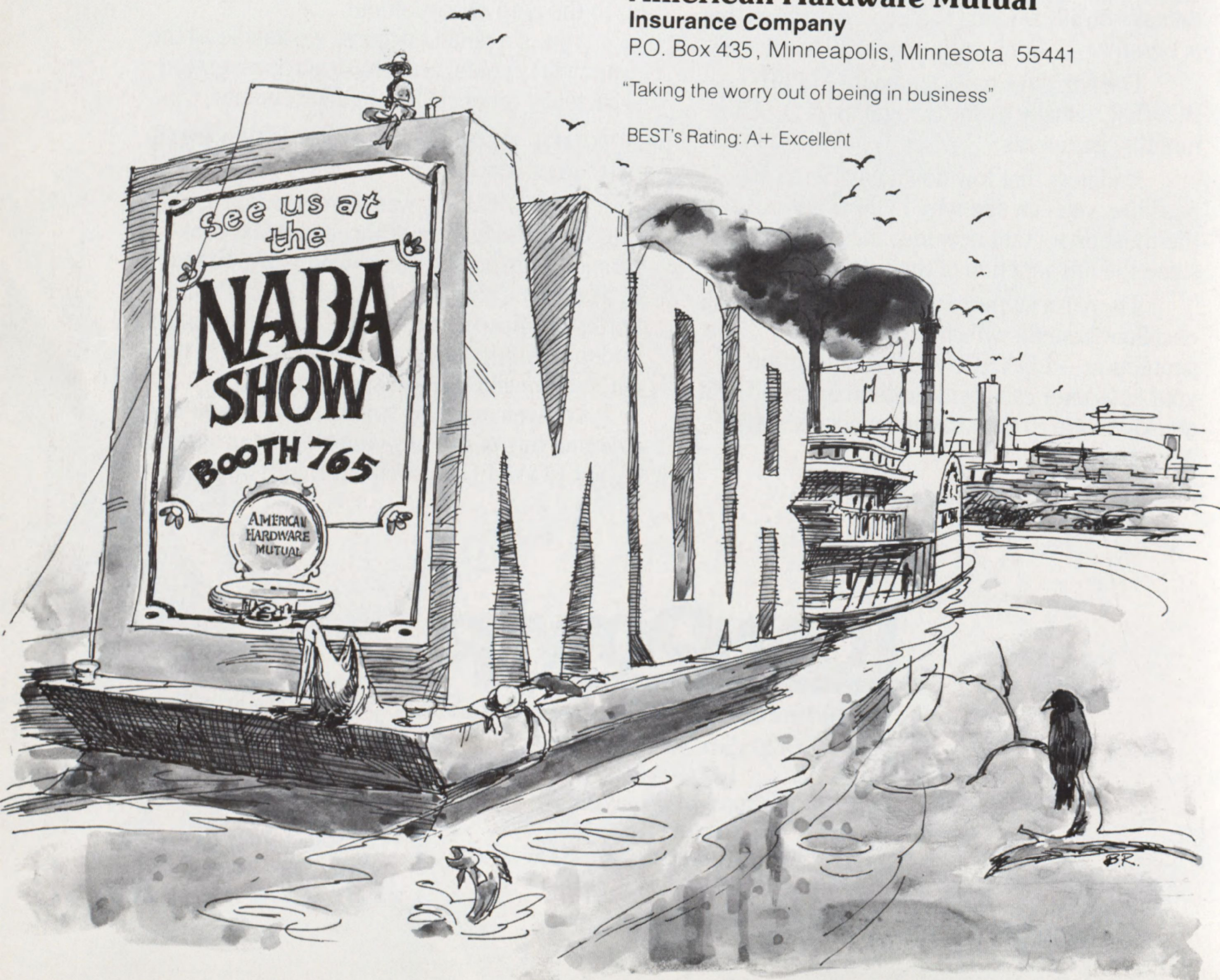
Don't be a gambler. Knowing your MOR Score could save your money, your business... even your life.

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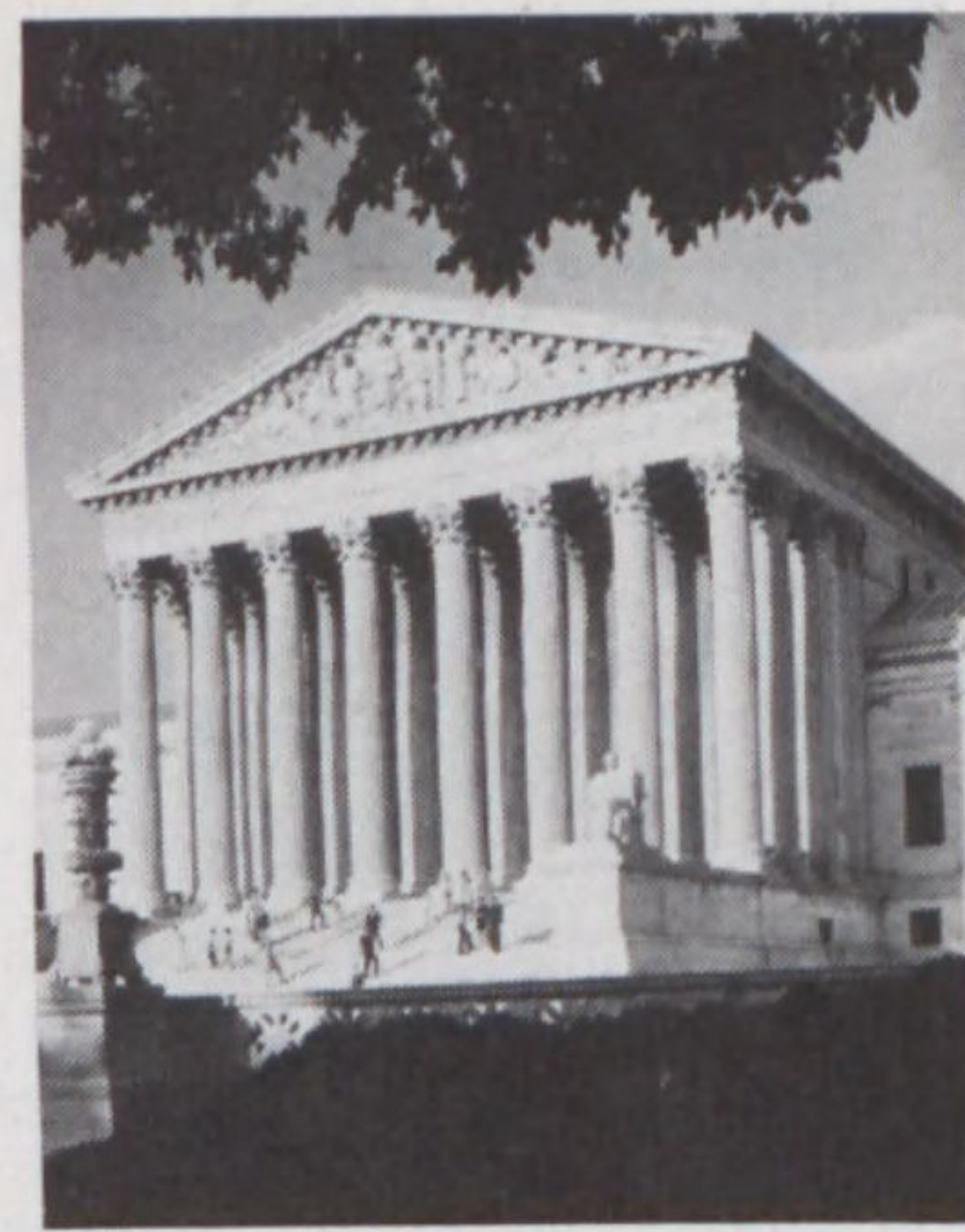
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# Legal Briefs

## The Auto Industry And The Law



### **Federal Trade Commission affirms Francis Ford, Inc., repossession ruling.**

The Federal Trade Commission has recently affirmed the essence of a decision by an Administrative Law Judge in a proceeding against Francis Ford of Portland, Ore. The commission originally brought actions against each of the major domestic automobile manufacturers, their credit arms and one of their franchised dealers in an effort to police repossession practices. NADA was granted limited rights of intervention.

Ford Motor Co. and its credit subsidiary had previously reached a settlement with the Federal Trade Commission and established procedures for monitoring dealers' repossession activities. The settlement also imposed a specific formula for determining what expenses a dealer may allocate to repossessions in determining whether a surplus or a deficiency results from the sales of the repossessed vehicle.

The formula adopted by the commission in the Francis Ford decision is essentially the same as that in the Ford Motor Co. settlement.

The Ford dealer has 60 days in which to appeal the decision of the commission to the U.S. Court of Appeals.

Both Chrysler Corp. and General Motors Corp. are seeking settlements with the Federal Trade Commission.

### **Supreme Court lets Colonial Ford decision stand.**

The Supreme Court has let stand a U.S. Court of Appeals, 10th Circuit decision, that makes the auto manufacturer's finance affiliates equally liable under the Automobile Dealer's Day In Court Act.

The petition by Ford Motor Co. and Ford Motor Credit Co. aimed at overturning the decision in *Colonial Ford, Inc. v. Ford Motor Co.* was denied by the Supreme Court without comment.

The case arose when Colonial Ford, Inc., a Salt Lake City Ford dealership, was pressured by Ford to relocate into a new facility, to obtain credit for the move from Ford Motor Credit, and to allow a third party to be given, essentially, a free ride for 49 percent of the dealership. Ford Credit recommended an increased flooring limit for the dealership, then reversed itself and the dealership went into decline.

At trial, Ford was found in violation of Dealer Day in Court Act and liable to Colonial for \$210,000. Ford Credit, however, was found not to have violated the act.

On appeal the 10th Circuit held that:

*"(t)he Act is designed to curtail the kinds of coercion and intimidation of retail dealers by manufacturers made possible by parties' relative economic inequality. (Citations omitted.) The most obvious point of leverage in the manufacturer-dealer relationship is financing. When, as in this case, a manufacturer uses a wholly owned subsidiary to facilitate that financing, it brings the subsidiary within the remedial purposes of the Act whether or not it is shown that the manufacturer ordered the specific conduct complained of."*

*and that . . . "if Ford . . . through a series of acts, deprived (plaintiff dealer) of the right as an independent businessman to control its own business to serve (Ford Motor's) own economic*

(continued on page 14)

This column is prepared by the Legal Group of the National Automobile Dealers Association. For further information or questions concerning the items appearing in this column, write: Legal Briefs, NADA Legal Group, 8400 Westpark Dr., McLean, VA 22102.



# Legal Briefs—

*interest and in disregard of the dealer's interest'. . . 'a violation of the (Automobile Dealer Franchise) Act could result.' (Emphasis added.)*

The verdict against Ford for \$210,000 stands. A new trial must be held to determine Ford Motor Credit's liability.

## Grant of competing franchise may be an unfair act in Massachusetts.

A Massachusetts dealer, Reiter Oldsmobile, Inc., appealed the dismissal of its complaint that challenged the grant of a competitive vehicle franchise in Reiter's market area by General Motors Corp. to Tober Foreign Motors. (*Reiter Oldsmobile, Inc. v. General Motors Corporation*, No. 2091, Mass. Sup. Jud., Ct., 8/7/79).

Reiter's complaint and appeal were based on the allegation that the action of General Motors was an unfair method of competition, and thus a violation of Massachusetts state law, because it lacked the current franchisee's prior approval.

On appeal, the Supreme Judicial Court of Massachusetts rules that Reiter has the opportunity to file an amended complaint at a later time to take advantage of a legislative change in the law on the state level. The legislative change allows dealers and franchisees to seek relief for specific unfair or deceptive competitive practices under a new Massachusetts law. Among other things, the new law defines one unfair practice in the automotive industry to be the grant of a competing franchise in the relevant market area of an existing dealer.

## Terminated dealer to get "Day In Court" against distributor of British Leyland Motors.

The Ninth Circuit Court of Appeals orders a full trial in a case by a terminated Triumph dealer against the distributors of British Leyland Motors, Ltd. (*Sherman v. British Leyland Motors, Ltd.*, Nos. 76-3172 and 76-3582, CA 9, 7/24/79). Allegations by the dealer that British Leyland and its distributors had conspired to monopolize the sale of Triumphs in Southern California and had violated the Dealers Day In Court Act "appeared sufficiently to withstand summary judgment," the court ruled.

On remand, the district court will specifically consider, *inter alia*, whether an agreement existed between two distributors to curtail competition at the wholesale competitive level and whether there was a basis for the nonrenewal of the dealer's franchise.

## A reader asks:

An **automotive executive** reader from Georgia writes and asks: "One of my service customers is upset because of a lack of availability of a particular part for a 1973 vehicle. He asserts that there is a federal law requiring dealers and manufacturers to maintain parts availability for seven years for each model sold and is threatening my dealership with legal action. Is there such a law? Can the customer sue me for noncompliance?"

## Answer:

According to the National Highway Traffic Safety Administration, this is one of the best and most persistent false rumors in our industry. There is neither a federal law nor agency regulation requiring either dealers or manufacturers to make available motor vehicle parts at all, much less for any specific time period. However, at least two states—Connecticut and Rhode Island—do have laws requiring manufacturers to maintain an adequate supply of replacement parts for vehicles to meet the "reasonable anticipated demand" in Connecticut, and "for a period of not less than four years from the date of last sale of any given model or type" in Rhode Island.





**"All our Olds demos are ordered  
with Cruise Control...just about every  
customer who tries it buys it!"**

John O. Mitchell, Mitchell Motors, Inc., Chamblee, Georgia

John Mitchell's sales people know that demonstration is the key to selling—that's why demo Oldsmobiles at Mitchell Motors are equipped with AC Cruise Control. And over two-thirds of their Olds inventory is ordered with factory-installed Cruise Control—an increase of about 45% over three years ago.

Mr. Mitchell points out to customers that Cruise Control is not only a convenience in driving, but a plus value at resale time, reflected by Kelly

Blue Book and N.A.D.A. Used Car Guide.

That's just one more reason why many GM dealers are specifying the AC Cruise Control System on more and more of their inventory. In fact, sales are 10 times greater than just 8 years ago. With millions of GM car owners, it's the specifically-engineered, factory-installed option that's right for the times.

For easy selling and profits, specify K30—AC Cruise Control—for demos and inventory.

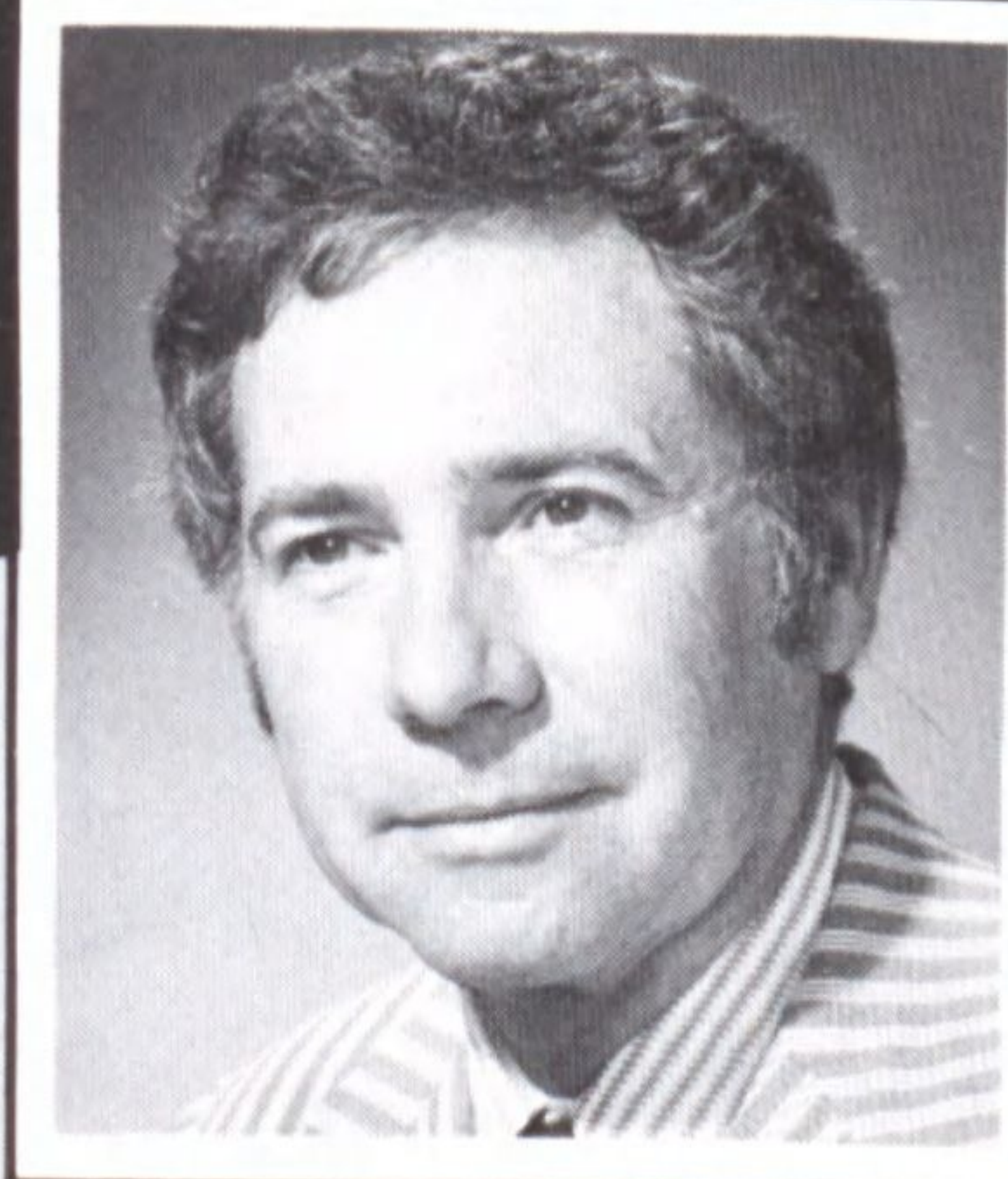


AC Spark Plug Division, General Motors Corporation  
1300 North Dort Highway, Flint, Michigan 48556



# Used Cars

## Some Provocative Theories



James "Harry" Lawrence

**L**ate in August I met with a group of new car dealers and joined them in an enjoyable and enlightening discussion with a man mentioned previously in this column, Denny Kuhn of Lincoln-Mercury.

The meeting was a planned one and I had invited Denny to join us. First, I have much respect for his understanding of the merchandising of used cars and, second, I often look forward to the reaction of most new car dealers to some of Denny's thoughts. One frequent comment is, "Interesting, but then he doesn't have to retail used cars." The inference is plain, Denny's theories won't wash in actual practice.

Sometimes when I hear this I am disposed to say, "How long has it been since YOU sold a used car?" But, only rarely will I do that. In my friend's defense, I usually say something trite like "very few obstetricians bear children." Anyway, if we limited ourselves to reliance upon only those who had actual experience in any given field, I daresay our progress would be somewhat limited. I think of all those involved in the design of aircraft who are not pilots—perhaps who have never flown! I think of the professors at the many universities who have never worked in the competitive fields of commerce and industry. The baseball and football coaches and managers who never made it as players, but who excel in management. But, most of all my mind pops back to Norfolk, Va., in WWII when I was going through a fixed gunnery course as an Army Air

Corps fighter pilot. I was not a good shot and I very much wanted to qualify in order to stay with my buddies. Our instructor—possibly the best on the base—said, "I'd load and fire your color but I'm an even poorer marksman than you!" He worked with me and I qualified, but the impression still remains: a fine instructor who couldn't shoot worth a darn!

Well, what is it that Denny says which is so outrageous? He begins by suggesting that possibly half the dealers present are not really in the used car business, even though they think they are.

Let us consider this example for an opener—a Cadillac dealer in a metro area. His used car inventory consists mainly of Cadillacs, a few Lincolns, perhaps a big Buick or Olds, and a handful of imported luxury cars such as Mercedes and Jaguar. He regards his mix as excellent and was astonished when Denny expressed the opinion that he was not really in the used car business at all but was very likely using the used car facility to move the better trade-ins. The dealer did not accept this and observed that his inventory was in line with his clientele.

Denny replied that the mix itself determined the clientele and that no other was possible, under the circumstances. In Denny's opinion the circumstances were those created by the dealer and not by chance.

I picked this particular exchange of ideas because the two principals were somewhat acquainted and Denny knew at least where the dealership was,

the type of market it was in, and what the used car stock usually consisted of. It happens that he drives by there. His argument was this. The dealership is close by a well-travelled highway and the used car lot is visible. The exposure is excellent but the type of people, by-and-large, driving by are not in the economic class to buy luxury cars. They can, and do, buy used cars of less expensive types. Denny maintains the Cadillac dealer is voluntarily removing himself from a very large segment of the used car market. The dealer is not in the used car business but rather in the used *luxury* car business.

To this line of reasoning the dealer maintained that he was a "Cadillac dealer." Denny agreed and observed that used car dealers were not dealers in a specific make or even class. You can do it, it is your option, and some men make a living dealing in nothing but Corvettes, but it is important that you fully understand what you *are* rather than what you *think* you are. I do not know whether the dealer (who is quite successful) ever accepted any part of Kuhn's reasoning but, as I looked around the room, I knew that at least two dealers present were going home to take a good look at their "used car operation."

If you are a Chevrolet dealer, that is the line of cars you sell *new* but does that mean you cannot deal in the full spectrum of *used* cars? Does your agreement prohibit you from selling used Fords or whatever? I know that many dealers reached the

The Used Car column is prepared exclusively for **automotive executive** by James H. "Harry" Lawrence, editor of the NADA Official Used Car Guide. All comments or questions pertaining to these columns should be mailed to: "Used Cars," **automotive executive** magazine, 8400 Westpark Dr., McLean, VA 22102.



same conclusions as Denny and I did so many years ago. But, I make a point of looking at new car dealers' used car lots and the pattern is so often the same. At one place I pass, I have reached the conclusion that the dealership sells only Chevrolets and only those down to 1975 models. Denny does not argue that perhaps the bulk of your used cars should be in your own line, IF they sell well. But, he maintains, if you are indeed in the used car business then you should stock all those cars which sell in your market.

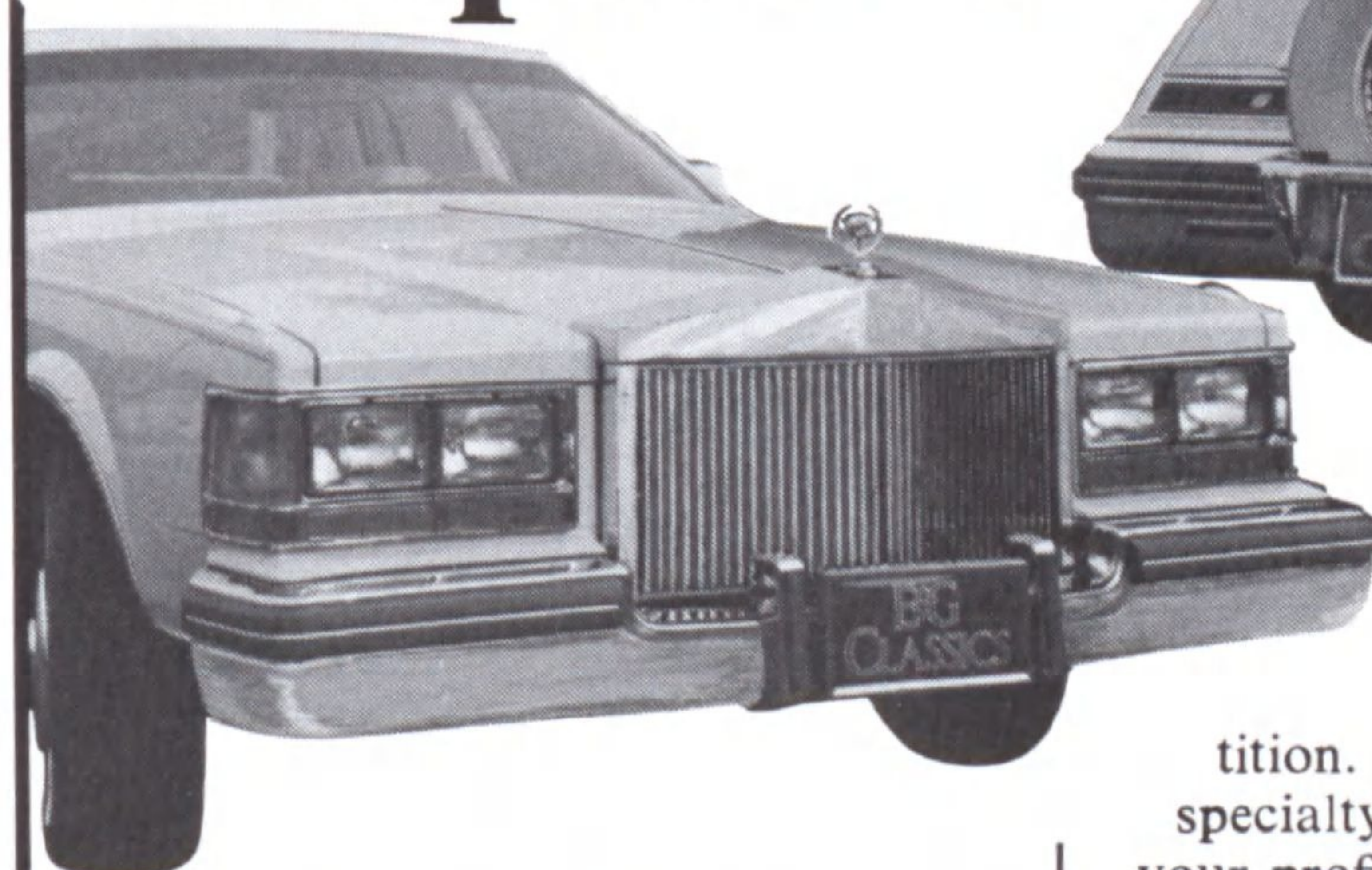
He told an interesting story. A successful Lincoln dealer had a very poor used car operation and could not fully understand why. He was in an affluent community and virtually all the cars in the area were of the luxury type. A market analysis revealed this: The residents of the community just did not buy used cars—period! The maids, gardeners, cooks, etc. who worked for the residents could not afford used luxury cars. Sure, the traffic was there but there was no effective demand. The recommendation? Shut down the used car operation—which they did.

Denny presented other thoughts that day which were equally provocative. His thoughts as to how long to keep a used car in inventory did not find many supporters in his audience—like 30 days maximum. The proposal to put some bonus money up front was downright repugnant to some, but *think* about it.

Those of you who take the *NADA Official Used Car Guide* may read COMMENTS from time-to-time. You probably know that we solicit articles for COMMENTS. This column is not quite as long, but let us make this offer. If you have something you want to say, just take a minute to do it. Take however long it takes. We'll give you space; we will even give you the column if the application seems universal. If you don't have much to say but just an idea or two, let's hear about it. AE is designed to serve you and not anyone's ego. So, let us hear from you.

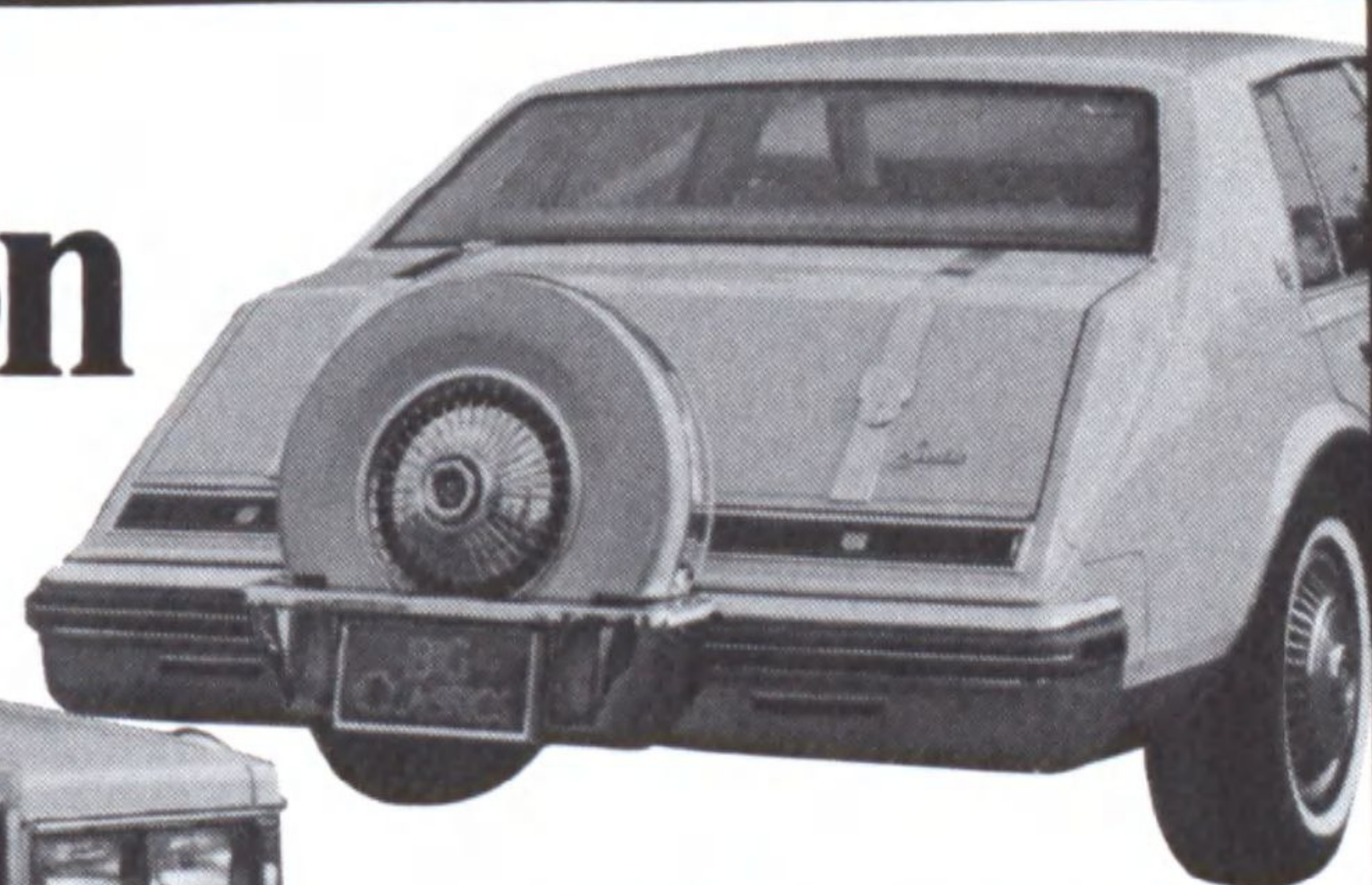
AE

## Ask Your Competition



The unique new Cadillac Seville is further enhanced by E&G's handsome custom grille, "Classic Spare" and chrome deck straps. Installed separately or as a complete package, these E&G "Mark of Distinction" accessories transform the Seville into a strikingly elegant personal automobile in the European tradition.

For further information please call or write.



If you think that quality custom grilles, styling packages, and top treatments are luxuries you can do without, ask your competition. And if you don't believe that specialty automotive accessories add to your profits, then ask your competition—they know, and so does E&G Classics.

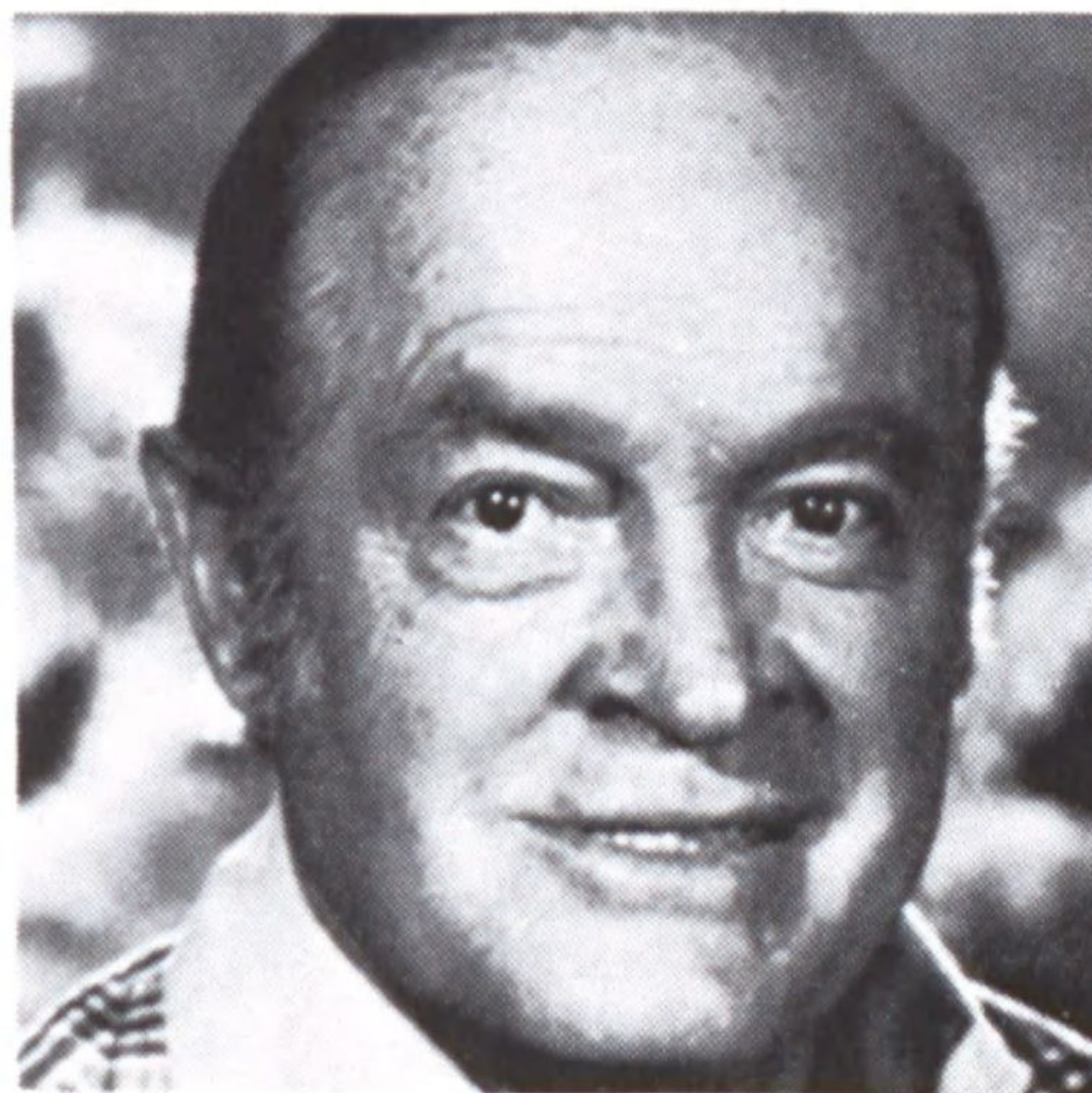
E&G Classics is the quality leader in the manufacturing and distribution of distinctive custom grilles, styling trim, top treatments and removable sunroofs for most makes and models. We specialize in attractive, high demand, quality products that increase sales and build profits for you.

Ask your Competition. Then get in touch with your nearest E&G distributor.

**E&G CLASSICS, INC.**

Attn: John Wood, Dept. AE, 8909 McGraw Ct., Columbia, MD 21045 (301)992-4900

# Bob Hope says, "Help keep Red Cross ready."

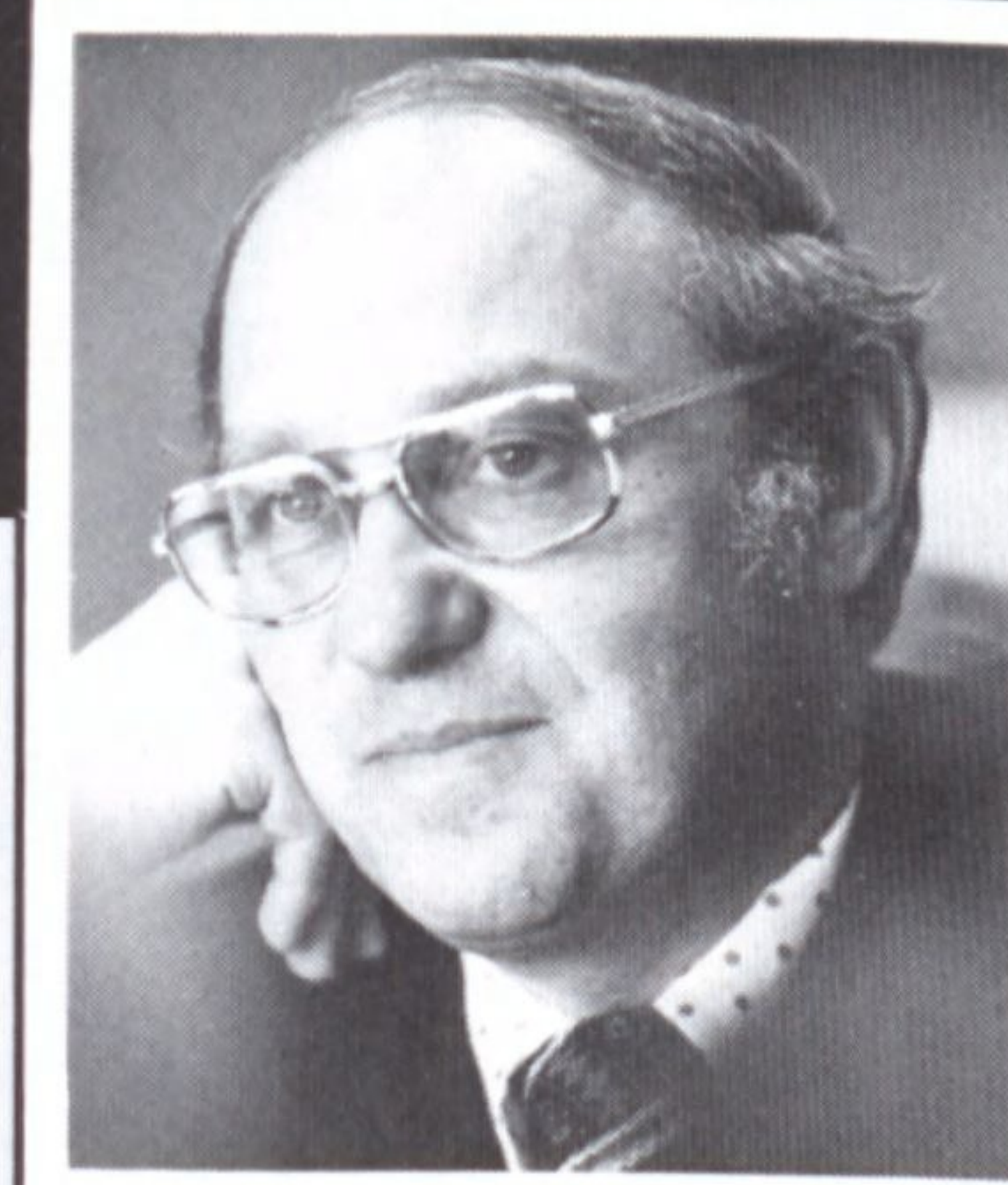


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# Tax Brakes



Irving Blackman

## The Business End Of Gift-Giving

**G**ift-giving is often a way of business life, particularly around this time of year. Perhaps it's better to give than receive, but business gift-giving would become the ghost of Christmas Past if such gifts weren't deductible. Here are a few tips to guide you in the spreading of goodwill this holiday season and throughout the year.

Gifts to any individual in one taxable year are limited to \$25. There are some business gifts, however, that are not subject to the \$25 maximum. They are:

1. Advertising-type items which don't exceed a cost of \$4 per unit.

2. Signs, display materials and other promotional materials.

3. Items of tangible personal property—which do not exceed \$100—given to employees in recognition of past service or achievement.

Sometimes a particular item could be either entertainment or a gift. Special rules apply. For example, if you give a customer food or beverage to be consumed at a later date, it will be deemed a gift. If you provide a customer tickets for the theater or a sporting event (and you don't accompany the customer), you may treat the tickets as either a gift or entertainment. If you *do* accompany the customer, then the cost of the tickets must be treated as entertainment. Your deduction will

then be governed by the normal entertainment rules.

Each gift must be supported by four elements:

1. *Amount*—cost of the gift to the taxpayer.

2. *Time*—date the gift was given.

3. *Description*—exactly what the gift was.

4. *Business Purpose*—reason for the gift or nature of business benefit derived or expected to be derived as a result of the gift.

\*\*\*

**LIFO—a new and improved lifesaver.** Even my most profitable clients continue to complain about the inflationary cash flow squeeze. All—or a large portion—of after-tax profits must be plowed back into inflation-swollen inventory and accounts receivable. For years, the astute business owner has recognized LIFO (Last In, First Out inventory method) as one of the cash flow “good guys”.

LIFO, however, reduces both the bottom-line profit picture and the equity of the company because inventories are reflected at the lower LIFO costs rather than the current and higher FIFO (First In, First Out inventory method) costs. Suddenly, LIFO becomes a Jekyll-and-Hyde, changing to a “bad guy” to the reader of the financial statement. This is particularly true when the reader is a shareholder or partner looking for increased earnings or—often more importantly—a lender

(usually a bank) looking for ability to repay the loan out of profits and financial strength back-up as reflected by the balance sheet.

Up to now, the IRS prohibited a taxpayer from revealing his or her earnings on a FIFO inventory basis. In an inflationary era, FIFO is invariably higher than those on a LIFO basis. The penalty for a violation of this rule was a loss of the right to use LIFO for tax purposes.

IRS has finally seen the light. Proposed regulations will now permit users of the LIFO method to use other inventory methods in the reporting of financial information that supplements or explains the taxpayer's primary presentation of income in financial statements.

The proposed amendments are effective as of July 17, 1979. Taxpayers may rely on the proposed regulations in preparing credit, financial, and other reports. Significantly, any provision of the final regulations that is less favorable to taxpayers than as proposed will be effective only after adoption.

These proposed regulations clearly amount to having your cake and eating it too—the best of all worlds for both tax purposes and financial reporting purposes. I predict these proposed regulations will become final with little or no change.

**TAX-SAVING HINT:** Stop thinking about switching to the LIFO method and *do it!* **Æ**

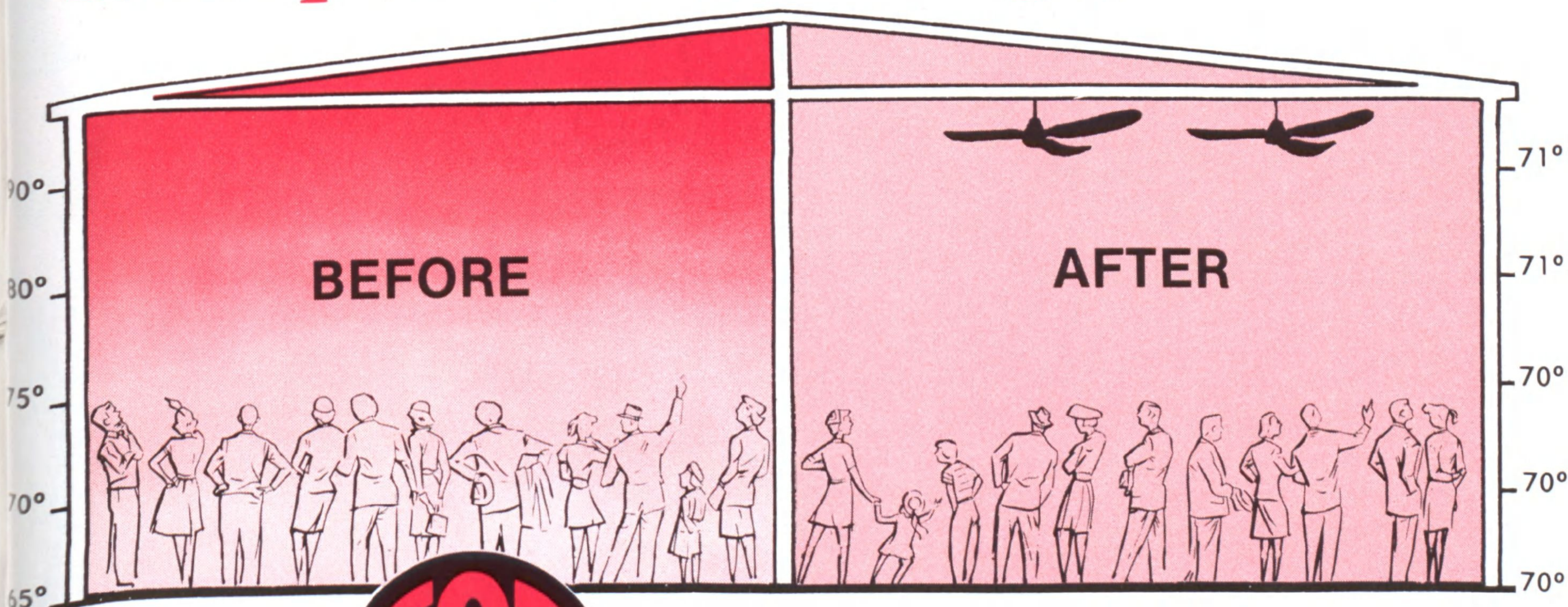
These columns are prepared by Blackman, Kallick & Co., certified public accountants, under the watchful eye of Irving Blackman. Blackman, also an attorney and author of *Winning The Tax Game*, consults with businessmen around the country on the subject of taxes and profitability. Questions concerning these columns should be addressed to Blackman, Kallick & Co., 180 N. LaSalle St., Chicago, IL 60601.



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AS REPORTED IN THE MARCH 1978 AMERICAN TRUCK DEALERS NEWSLETTER

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### YEAR ROUND BENEFITS

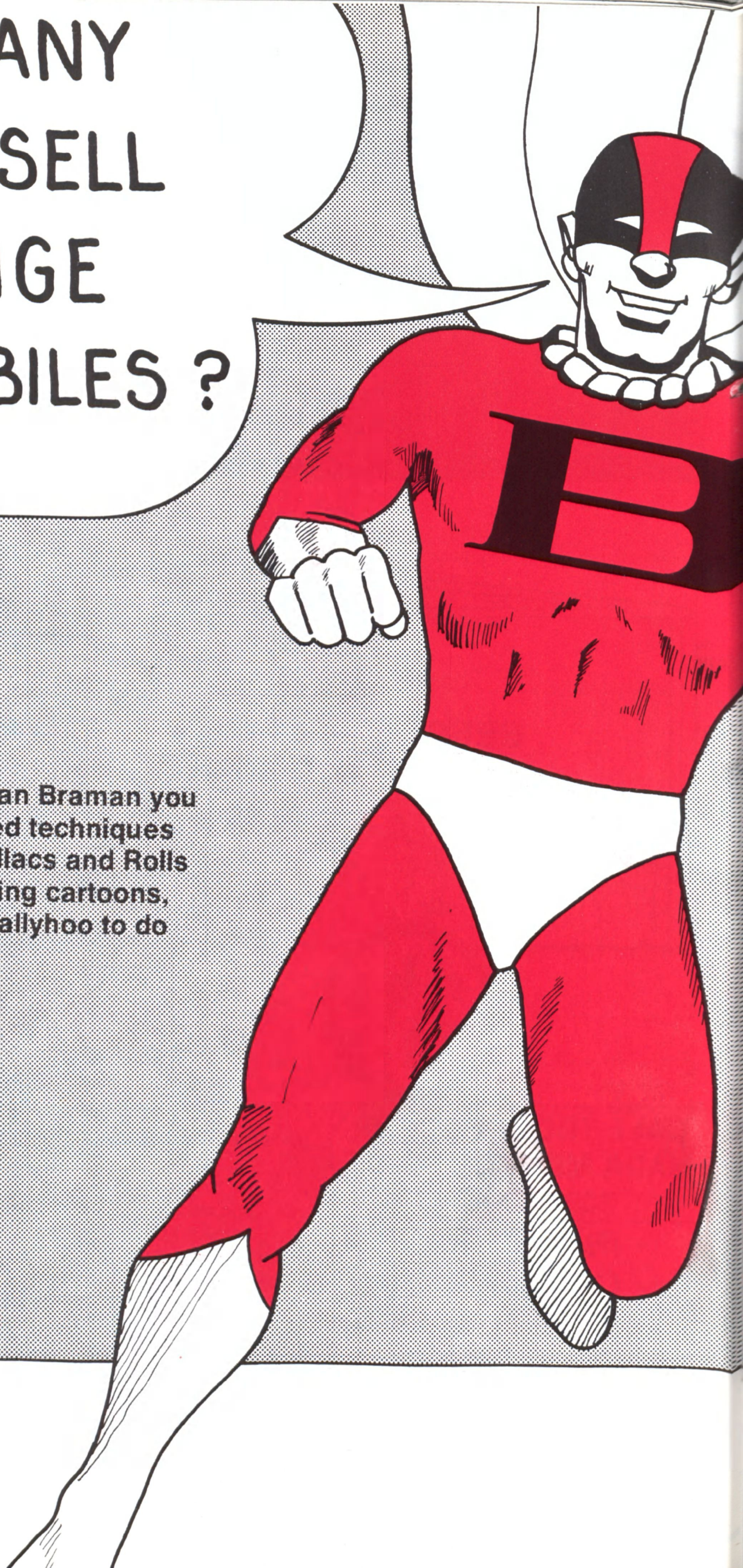
- Disperses fume and smoke build-up.
- Keeps merchandise at even required temperature.
- Increases productivity.
- Gives building a higher comfort level.
- Helps decrease absenteeism.
- Improves employer/employee relations.
- Eliminates mist in refrigerated areas.
- Assists air circulation.
- Reduces or eliminates dripping condensation from ceilings (rusting beams, etc.).
- Fans work tirelessly, 24 hours a day, 12 months of the year to maintain a constant comfortable environment for your employees.
- Consumes less energy than a 100-watt bulb.



# IS THIS ANY WAY TO SELL PRESTIGE AUTOMOBILES ?

No one ever told Norman Braman you had to use sophisticated techniques to sell the likes of Cadillacs and Rolls Royces . . . so he's using cartoons, clowns, balloons and ballyhoo to do the job for him.

By Ron Rogers





YOU BET  
IT IS!



Norman Braman

**N**ot too long ago, the people of Miami, Fla. were getting sand kicked in their faces trying to make a deal for Cadillacs and Fiats. They were getting zapped by high prices, bopped by unavailability and KO'd by shady deals. The situation looked hopeless, and an honest deal seemed impossible.

Suddenly, though, seemingly out of nowhere, a strongly muscled, friendly looking figure dressed in a suit faintly remi-

niscient of Spiderman and—yes—even Batman, came to the rescue.

It was that local yokel, BRAMANMAN, and he showed the people of his metropolis that truth and justice, at Braman Cadillac and Braman Fiat, could indeed triumph over all.

Does it sound a little ridiculous? Well, it depends on your taste. But this all really did happen, in *ads*—cartoon ads placed in the Miami Herald that look suspiciously like something that might run next to Doonesbury and Little Abner.

It's all the fault, by the way, of Norman Braman, who barely more than four years ago did not have an automobile franchise and knew very little about the business. No one adequately prepared him for the idea that a Cadillac dealership has to have a certain image and no one told him what would happen if his ads had as their centerpiece not a work of art, but a cartoon character.

No one told him that four years after he accepted what he thought was a good deal for a Cadillac agency, he would be burdened with that franchise, and a Rolls franchise, and a Fiat, and a Toyota, and a BMW, and a Stutz, and (soon) a Honda. Nobody told the rest of the area's dealers, either.

Norman Braman apparently has never bothered doing something a certain way just because that's the way it's been done in the past.

"I don't worry what others do," he says, "I just look to do things right. I don't look to my competitors for ideas and, as a matter of fact, I think my biggest advantage as a dealer is that I wasn't brought







The world of Norman Braman is inhabited by a wide assortment of personalities. For instance, there's renowned designer Aldo Gucci (with Braman in photo at left), Bramanman (center), a cartoon super-hero who occasionally comes to life to promote the Miami dealer's wares, and members of the unconventional New York mime troupe LeClique (shown with Braman and his daughter, Susan).



up in the business. I'm not buried with the ideas of the past."

Braman did in fact begin his career rather far from the world of automobile retailing. To be exact, it was in the marketing research division of a major New York distiller, and he later became associated with a wine importing firm.

When he decided he wanted to go into business for himself, he went the discount department store route, launching a single store in a small Pennsylvania town. The one grew into several over just a few years and he eventually sold his chain to a larger firm and bought a string of Pennsylvania drug stores. *That* business expanded rapidly and, at 39, Braman sold it for a handsome profit and "retired."

He says he thought the deal he made was for "all the money in the world," and he thought it was an excellent opportunity to settle back and get to know his family. Even when the chance at the Cadillac deal presented itself, Braman says, he thought he could come in and do what he had to do

for six months and then return to the new life he had discovered on the Miami shore and on the Riviera.

"I honestly believed I had changed," Braman says, "over what I was before (a workaholic). But really, I hadn't changed—my *circumstances* had. After selling my retail drug interests, my investments were in Tampa, Orlando, and other places, but not in Miami. I had no business entity at all where I was living that I was involved in. When I bought this Cadillac store, though, and my name went on the building and I became a visible part of this community, I proved I was just the way I had always been.

"Suddenly I had a store, and I had a place to go. It's open 8 to 8, and what does a businessman do when he has a store that's open all those hours? He works. If it's a \$100 million business or a \$1/2 million business, it's the same basic thing. It's *me*. As long as I'm here, I just can't stay home and wonder and worry about this place."

After seeing what goes on in

Bramanville, some people might decide somebody ought to worry a bit about *Braman*. Last year, rather than have a new car showing, he had a *happening*, and he held it in the ballroom of Miami's near legendary Fountainbleau Hotel. The highlight was a fashion show, but it wasn't just *any* fashion show. It was a Dr. Aldo Gucci extravaganza, replete with Gucci Seviles—Caddys specially tailored by the famous designer and exclusively marketed by Braman. More than 5,000 of Miami's moneyed came to see the show and look over the cars decked out with Gucci monograms and emblems and red and green striping, and Gucci groupies who normally masqueraded as respectable people about town were literally beside themselves.

This year, Braman paraded out Le Clique, a New York group of mimes, magicians, dancers and jugglers, and some things hard to describe. Their stage was the Miami Convention Center, and their job was to complement the grapes and fortune cookies and wine and automobiles that were





strewn about the mammoth floor and separated according to country: Fiat and Lancia in Italy; Cadillac in the U.S.; BMW in Germany; Rolls Royce in England; and, Toyota in Japan.

It was an affair with an almost surrealistic air, an affair that was advertised heavily, an affair that drew an estimated 25,000 people of various types and descriptions.

When we talked with Braman, he didn't really know what the 1980 come-out had cost him but his best estimate was, "somewhere in the \$120,000 and \$160,000 range." Heavy figures, but in Braman's words, the results will be, "well worth the money."

The show, he says, "gives us an impetus. It gives us momentum. Everything in this world is momentum, and I'm convinced people create their own. It doesn't just come along."

Braman served notice things were going to be different in Miami almost from the moment he took over the Cadillac franchise. He promised himself his store would offer what he himself would expect if he were a Braman

Cadillac customer, and he made up his mind not to compromise. He did it his way from the very beginning. Sometimes that entailed, as he puts it, "biting the bullet."

Braman saw immediately that changes would have to be made, and he made them—virtually all at once, not at all in stages. He fired, first of all, all but one employee, a member of the parts department. The firings, Braman says, were for a variety of reasons, but in setting out to fill the vacancies, he kept something in mind.

The Miami metropolitan area population, if Braman's estimate is correct, is approximately 40 percent Jewish and 40 percent Cuban, and yet the makeup of the Cadillac dealership's staff, when Braman arrived, did not reflect that fact. Braman felt the situation made it harder for his customers to relate to his people, and consequently, the mix on the showroom floor and in the shop today is a considerably varied one.

He knew immediately too he could not tolerate doing business in what he calls "an ugly, horrible building," so he decided to do a

complete overhaul, even though his first new car introduction time was upon him. His people sold cars to the tune of jackhammers, but restoration went double-time and Braman throughout was able to keep the company in the black.

Today, the Braman Cadillac showroom *looks* like a place that sells something special, with rich but sedate furnishings, including, of course, several chandeliers. It's much the same atmosphere that pervades the Rolls Royce-BMW showroom, and both are rivaled by the setting surrounding Braman's Toyotas and Fiats.

"If we can sell the public the fact that they can come in and get a Fiat or Toyota and get Cadillac service," Braman says, "that's the image we want to provide. That's why I go to the extent of creating the ambience that I want in the Fiat store—using by far the best wood, the brick and the cloth walls, and so on.

"Right now, it's a tough showroom to work in, but it's going to be a knock-out when it's finished. It's an ambience that I believe has to be created. I think cars look bet-



ter in a nicer environment, I think people enjoy going into a nice environment, and I want the (compact car) showroom to be as nice as the others."

How does this attitude square with the decision to sell Cadillacs via cartoons? Well, to paraphrase, Braman does not think the Cadillac image should transmit snob appeal or translate into elitism. "For a dealer to say," he says, "I'm in the Cadillac image," is absolutely absurd. We sell Cadillacs to everyone and anyone. You can't believe how many two-employee families buy Cadillacs—blue collar workers.

"Our philosophy about who constitutes our market is why we do so much F & I business. We finance over 50 percent of the new cars we sell.

"The great thing about our business here is, we deal with the community here. It was such a narrow business before as far as the variety of people who dealt with this place. We deal with and are happy to deal with everyone."

Braman says his people came upon Bramanman because it broke the dullness of normal automobile advertising. "It's exciting and it's different, that's all," Braman says. "Bramanman became someone we could laugh at and smile at and not take seriously.

"He's become a cause celeb. Once I found he irritated so many people, I decided to stay with him, for that damn reason. We've run at least 15 or 20 Bramanman strips."

Braman has also run ads featuring "Braman Squares", a "game" that lets the reader choose the right square out of the paper and get benefits ranging from a free Cabriolet roof to a free Bramanman T-shirt to \$100 off the best deal a customer can get.

Braman even runs a special Braman news page within the pages of the Herald from time to time, reporting on new sales records, sales force picnics, spectacular deals, and many other "up-to-the-minute items."

Much more than many dealers interviewed by automotive execu-

tive, Braman believes in heavy newspaper advertising. It's the hub of his overall effort, which does include radio and television. In 1978, Braman advertised Cadillacs to the tune of \$1,060,000—10 times the amount spent by his predecessor in 1974.

To show how much it paid off, we might compare some other figures. Braman's fixed overhead in '78 was just over \$6.1 million as

compared to the previous owner's '74 total of slightly more than \$1 million, and there was almost a five-fold difference between their total expense figures, Braman's being \$8,230,000.

Those are striking differences, but consider this one: As revealed by Braman, his predecessor's total sales in '74 were \$19,574,000. Braman Cadillac's for '78—\$73,371,000.

32-C

THE MIAMI HERALD Thursday, Feb. 8, 1979



## Braman Cadillac News

SPECIAL EDITION THURSDAY, FEBRUARY 8, 1979

### FORECAST

Tremendous warmth and hospitality at 20th and Biscayne Blvd., Miami, home of Braman Cadillac! Inside the showroom February promises to be red hot with unsurpassed deals on new Cadillacs!

# BRAMAN SHATTERS RECORDS WITH 440 NEW CAR SALES & 801 TOTAL SALES IN JANUARY!



Sales at Braman Cadillac went THROUGH THE ROOF in January as demonstrated by Bramanman, Miami's super hero!

## MIAMI DEALERSHIP ESTABLISHES NEW NATIONAL SALES RECORD IN JANUARY!!

Miami — Braman Cadillac set a record during the month of January, never achieved by any Cadillac dealer in the entire country! A sensational 440 retail sales were made on new 1979 Cadillacs!

### Braman Unveils New Lease Plans!

Miami — Braman Leasing has announced 3 new closed end, 20-month lease plans for Coupe DeVilles, Seville and Eldorados. Free limited maintenance and free limousine service are included in the plans. For details call Bob Anderson at 576-6900.

Money-saving coupons have also been offered to the general public (such as the one below, in the "comic section") to save \$100 extra on any new or used car purchased at Braman!

### Used Car Bargains Galore at Braman!

Miami — Due to record new car sales, Braman has a record used car inventory. To move the cars quickly, a tremendous used car sale, Braman's largest in history, starts tomorrow, with prices you've dreamed of! Hurry in and make your selection!



Norman Akins, Peter Munoz and Claude Chemtov (left to right), Braman salesmen, with Bramanman in the showroom!

## BRAMAN HONORS SALES FORCE WITH PICNIC & DINNER!

Miami, Fla. — The Braman Cadillac sales force, complete with families, was honored on Sunday, February 4th, with a terrific picnic at Topeekeegee Yungue Park, in Hollywood. Hotdogs, hamburgers and all the fixings were the rule of the day, enjoyed by over 100 happy people, celebrating a record breaking January sales effort!

A dinner for all salesmen and their wives is also scheduled to mark their great sales achievement in January. The February sales theme is "500 or Bust!"

## BRAMAN BMW INVENTORY AT ALL-TIME HIGH!

Miami — A spokesman for Braman BMW has announced that over 80 new BMWs are presently in stock for immediate delivery, more than at any other dealership in the nation! Every model is available. Hurry in today for best selection!

### COMICS SECTION:



### CUT OUT \$100 COUPON BELOW!

PATROLLING MIAMI, BRAMANMAN'S SUPER SENSES PICK UP A CONVERSATION AT AN ANONYMOUS CAR DEALER.....

THIS PURPLE CADILLAC IS JUST PERFECT FOR YOU!! BUT WE WANTED A YELLOW ONE!

WELL, WE ONLY HAVE A FEW... BUT THE PAYMENTS ARE EASY! JUST SIGN THE CONTRACT! BOO-HOO! HOW WILL WE EVER AFFORD IT?

HOLD EVERYTHING! DON'T YOU KNOW VALENTINE'S DAY IS COMING? WHERE'S YOUR HEART? C'MON WITH ME TO BRAMAN CADILLAC, FOLKS! PUT ON THESE FREE BRAMANMAN AND BRAMANWOMAN T-SHIRTS TO SHOW EVERYONE WE'RE FRIENDS! OEE, THANKS!

BRAMAN HAS A TREMENDOUS SELECTION OF NEW CARS!... ANY COLOR YOU WANT!! YOU CAN BUY A NEW COUPE DEVILLE FOR ONLY \$9887... FREIGHT INCLUDED!!... AND HERE'S A SPECIAL COUPON TO SAVE \$100 EXTRA! CUT IT OUT NOW!

BRING THIS COUPON TO BRAMAN CADILLAC. NEGOTIATE THE BEST DEAL POSSIBLE ON ANY NEW OR USED CAR. THEN PRESENT THIS COUPON FOR AN ADDITIONAL \$100 OFF! YOU'RE THE GREATEST!

\*1 coupon per customer. Coupon cannot be redeemed for cash. Coupon valid through Saturday, 2/10/79.

### NEW CARS.

2044 BISCAYNE BOULEVARD, MIAMI  
TELEPHONE: 576-6900 • BROWARD: 525-4208  
HOURS:  
MON.-FRI., 9-8 • SAT., 9-5



### USED CARS.

2036 N.E. 2nd AVENUE, MIAMI  
TELEPHONE: 576-5522 • BROWARD: 525-4208  
HOURS:  
MON.-FRI., 9-8 • SAT., 9-5 • SUN., 11-5

Full-page advertisements such as this one from the Miami Herald have made Braman a household name in the South Florida area.



Miami's Mr. Motor says, in fact, that Braman Cadillac is the largest retail Cadillac agency in the country, and number two overall, behind Potamkin in New York. He also claims to be the most profitable.

He is into leasing, and doing well at it, but he does not get involved in fleet sales. "We got rid of the fleet business when I arrived here," he says. "I made a basic decision, that the only way to build a business here was to build a *retail* business. I wanted to establish a direct relationship with our customers, and invariably, the fleet companies were in competition with our own business. I want the control over, and the direct relationship with the customer."

When he is in the office, Braman will take customer complaints himself. "It's the only way I can find out what's going on in this business," he says.

However, Braman does this for just 9 1/2 months out of the year and then, every year, he retreats to his home in the south of France. He doesn't stay in touch with the office and he is not bothered unless the problem is truly serious.

His people have shown they can handle the operations. Last summer, a tight oil situation was made tighter by an independent trucker's strike, and the key entryway, Port Everglades, was shut down. It had crippling effects on the Miami economy, but still, Braman's interests stayed in the black.

They did a *little* belt tightening, but not in the advertising and merchandising areas. They channeled *more* money in that direction, and, Braman says, they worked harder. Instead of calling 15 customers a day, salesmen called 35.

There is more to the Braman success, though, than magic and hard work and advertising pizzazz. "We have," the dealer says, "a total awareness that we're part of the community and that we've got to be a major part of the community in terms of our involvement with it. I love being active in it, I love being philanthropic in it. I sleep well at night, and I have no difficulty shaving in the morning.

"We've given new cars to people when we couldn't fix them, when a guy has honestly bought a lemon from us. We've just said, 'Here,

pick out a car.' We don't penalize the customer if he's got a thousand or 2,000 miles on the car. The car is *our* problem. Cadillac doesn't help us with it, we just eat it ourselves—wholesale it somewhere and write off \$2,000 or \$3,000. We've done this 50 or 60 times since 1975.

"When the Seville caught on fire and the problem with the hoses developed two or three years ago, I went out immediately and said I'd replace the cars free of charge. We took a *negative* and built it into a positive. It gave us business, and it was the right thing to do."

Braman has had a lot of good ideas, and somehow seems to make everything work for him. When he took over the Rolls Royce agency, he fired people left and right, and found himself understaffed. With the help of a friend in London, he recruited (and personally interviewed) top mechanics in England, but in the meantime he made it a point to talk with prospective customers himself and admit to them that he really had no one who could fix their machine. Even *that* worked out.

Maybe things do for Braman because his greatest idea is, "One gets out purely on the basis of what one puts in." He thinks many in the country have gone away from that approach, and he does not wish to join the club. He says he sincerely wants to give Braman customers what they deserve, from fair prices to things like his "preferred service plan" which provides customers who have bought a Braman car things like free limousine service.

He appears to be a man who is really committed to doing a first class job in the business he has chosen to be in—even though, curiously, he does not live and breathe the automobile business. He wants to run for the Senate in the spring, in fact, and though he admits he'll miss the life he has now if he does go to Washington, he denies it's in his blood.

"I don't visualize getting out of this business, but it's because these franchises are impossible to sell for what they're worth. The business makes too much money. It's too profitable, it's too good."

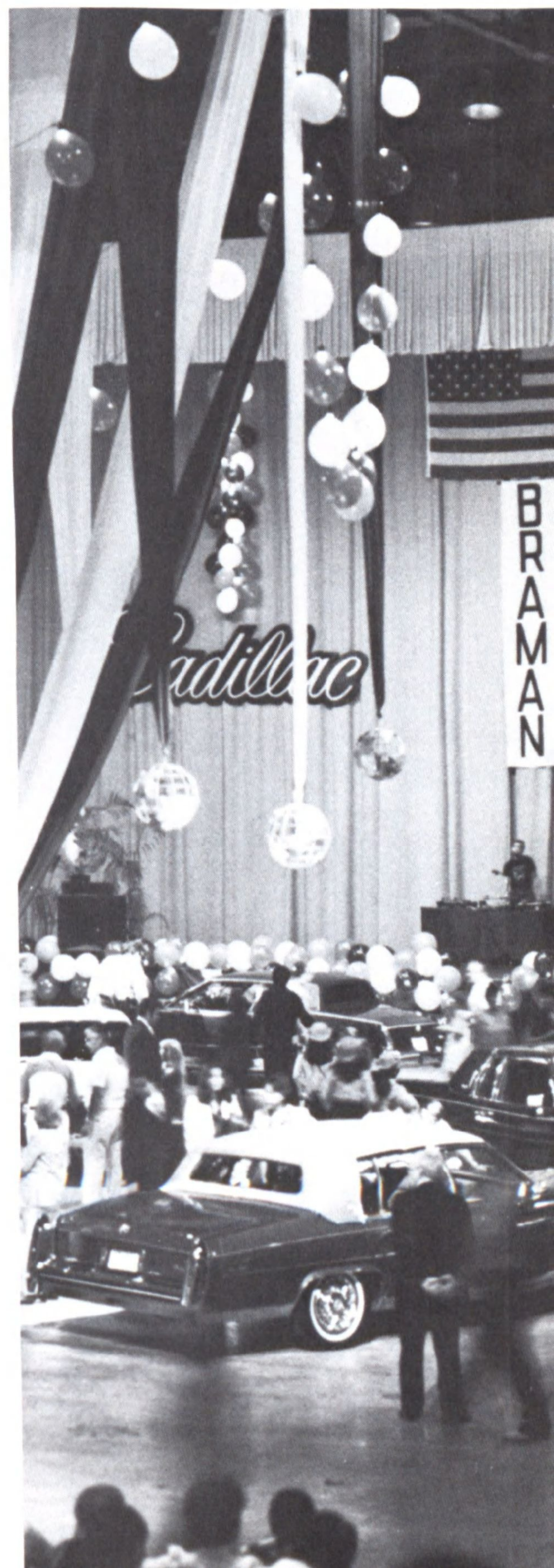
With every passing day, it appears Braman grows more and

more correct. He handles his advertising in-house, exercising the creative control he wants, hiring the creative people he wants.

Soon, he'll be adding a Porsche-Audi franchise and a Honda store, making the Braman enterprise truly what Braman says it is: a family transportation center. He's had the forethought to buy land so that most of his business is located on what is practically a Braman Block, and it doesn't appear likely that the ideas, the progress, the creative flow, is going to stop.

"There's a business logic behind it all," he says. "I firmly believe you can't stand still in this business. If you stand still, you're going to move back. If you're going to be in business, keep going. If you don't keep going, you're surely dead."

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**WHAT SELLS CARS  
WON'T SELL PARTS.**

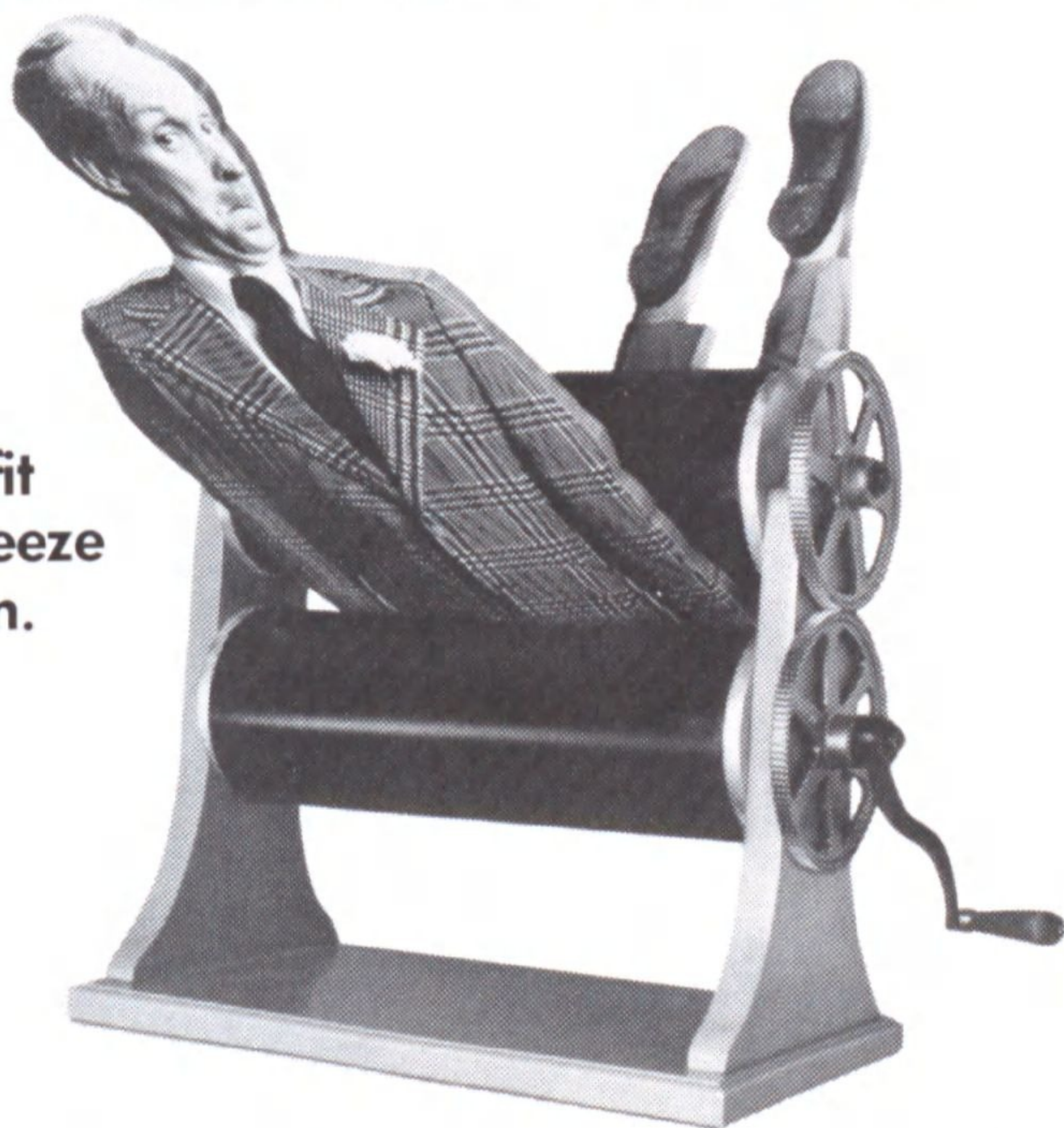


# PROBLEM:

An automobile dealership has always had its elements of risk because of its sensitivity to ups and downs in the economy.

Today, as the '70s wind down, the situation is even more complicated than usual. Between mileage regulations and recalls, customer dissatisfaction and inflation, fuel uncertainties

The  
profit  
squeeze  
is on.



and recession talk, the profit squeeze is really on.

Which means that management has more and harder decisions to make, to fine-tune the organization for maximum yield.

Fortunately, many of the dealers' problems—like losing 50% of all walk-in sales, ending up with unbalanced service department schedules and slow-moving parts inventory—have communications solutions. And all over the nation there are Bell Account Executives to supply those solutions.

# SOLUTION:

A Bell System team of auto industry specialists has worked out solutions to the most prevalent problems, based on the fact that a dealership is comprised of three profit centers—sales, service and parts. Each requires its own managerial approach, yet all are responsive to sound marketing techniques, particularly those involving improved communications.

During the past year many dealers, working with Bell System Account Executives, have successfully used programs based on the team's findings.

Hillcrest Lincoln-Mercury in Kansas City, Missouri, upped maintenance volume 12%. Chuck Hutton Chevrolet in Memphis, Tennessee, has doubled parts sales during 2½ years in the program. Leroy Cannon Volks-

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schedules  
can be  
expedited  
using a  
Dataspeed<sup>®</sup>  
40 terminal.



wagen-AMC-Jeep in Greenville, South Carolina, has increased fleet sales and upped parts sales 5–10% each year.

If you haven't talked with your problem-solving Bell Account Executive lately, you're missing something.

**The system is the solution.**





# Ten Ways To Improve Your **SERVICE & PARTS** Business

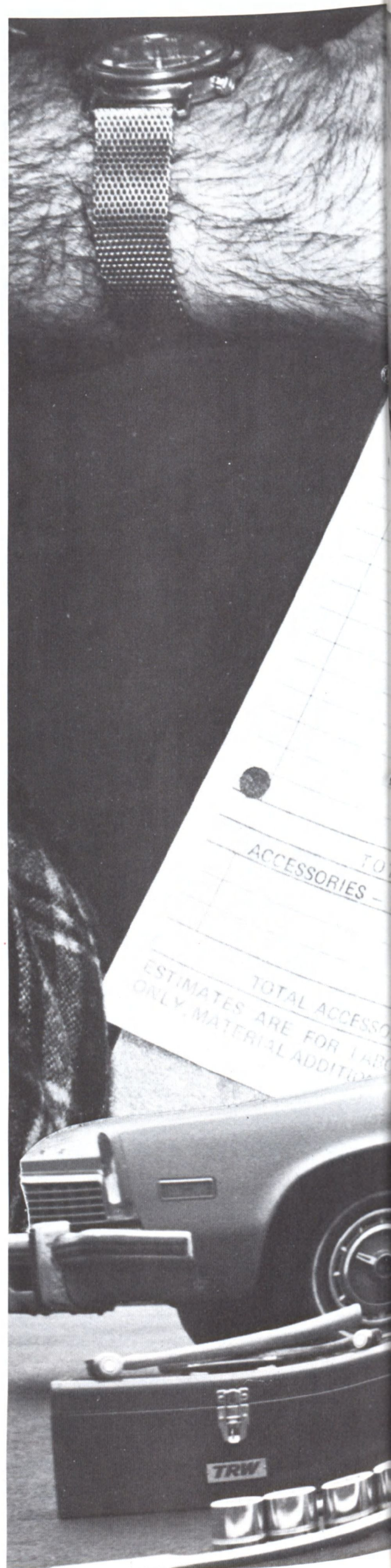
**A group of successful dealers tell how they are giving a boost to service business in order to take up slack in other areas of the dealership.**

**W**hen you talk to dealers around the country, one fact becomes clear: they are concerned about the present climate in the auto retail business.

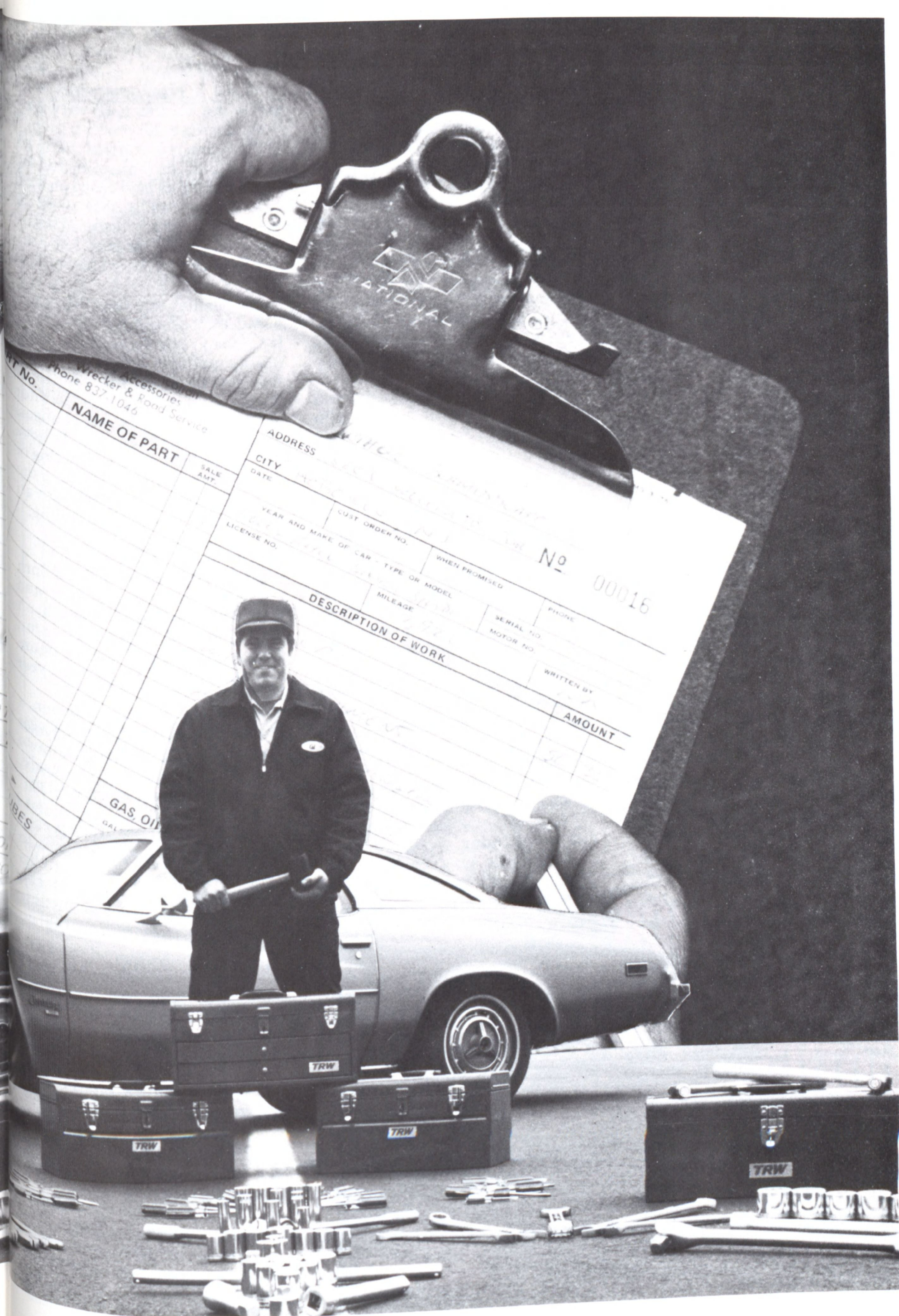
They're concerned about many things that seem to be hitting them from all sides. For openers, they mention inflation, tight money and floor plan interest rates that are going higher than Voyager II. And you can add a great big "et-cetera" to the above items.

What are dealers doing to counteract these pressures and restore some order to their business? We've received answers that vary all over the place. One dealer told us, "We're not going to do *anything*. We're just going to sit back and see what happens next." Then there was another whose response was, "I think I'm going to sell my store."

Between these extremes, there was a multitude of offerings that struck us as more practical in nature. There was one theme (or at least variations of one theme), however, that was mentioned far more often than any other single









item. It was, "We're taking up the slack by improving our service and parts department business."

About the only other semi-solution that came close to the service department consensus was that old favorite, "We're going back to the basics." Upon closer investigation, though, we found there as so many differing perceptions of what "the basics" are that the subject became much too complex to deal with. Hence, we decided to further explore ways of boosting business in the service shop and behind the parts counter to offset the current squeeze in other areas of the dealership.

Over the years, some of the most fertile suggestions about service department management have come from members of NADA's Performance Analysis Group program. This prompted **automotive executive** to delve into methods and techniques being used by successful dealers in these "20 Groups". The following ten tips are ideas submitted at Performance Analysis Group meetings. They are practices actually in use at successful dealerships—and they *work*. With proper application they can work for you, too.

Here, in dealers' own words, are ten ways they have found to improve service and parts business.

## 1

**Quality Control.** We've all heard of quality control men and have probably experimented with this position one way or another. Some may incorporate quality

control through their service writer or shop foreman. Some hire a man *specifically* for quality control. Some charge for it, some don't.

I thought I had done it all and done it all without any significant results. A short while ago, however, I tried a new approach and it's been working. I hired a man exclusively to handle quality control. I had done this before, but this time I did things differently. Instead of telling the new man to "go out and check all the cars after the technicians are finished," I assigned him his own stall and hung up a sign that said "Quality Control".

Now, I have all technicians turn in their completed jobs to him along with a technician's report form of the job performed. Our quality control man checks the repairs made and signs them off on the technician's report. At the same time, he fills out his own quality control checklist. A copy of both forms (see illustrations on page 31) is given to the customer when the car is picked up.

We have noticed the use of the forms has accomplished several things:

1. They seem to evoke a more responsible attitude from technicians because they know their jobs are being checked by a fellow worker.

2. They give the quality control man a basic format to follow.

3. They show the customer we are really trying.

There is a \$2.50 charge to the

customer under the heading of "quality control" and, surprisingly, people don't complain when they see in black and white what we've done. In fact, all they have done is praise the process.

The quality control man receives a \$2 commission for his service and gets paid based on a flat rate for any additional work he might perform as a result of his inspection. This eliminates the salary that most quality control men receive.

I originally went into this solely because of the need for better quality control, but the way it's working out, not only is our control better, but we're selling additional work such as air conditioner charges, light bulbs, oil changes, exhaust work, tires, etc. Believe me, it's great! I'm now thinking of hiring a second man because the present one can't keep up with all the additional work he's selling.

## 2

**Setting Objectives.** Each month I give the service manager and body shop manager a quota on both labor and parts to shoot for. This is 10 percent above the figure recorded for the month the year before.

The parts manager is given a goal of 10 percent above the year before also. This is broken down into counter retail, wholesale, etc., with each one having 10 percent added.

During the month, I keep each department manager posted as to where he stands in relation to his goal. Toward the end of the month, they really get to hustling if they see they're coming up short.

I feel this has really helped to get a steady increase in both service and parts, and feel it has made us money.

## 3

**Warranty Checklist.** Is your dealership getting all that's due from warranty work handled? If not, here are 18 reasons why you may be cutting yourself short in this area:

1. Transportation damages are not always noted at delivery.

2. New car preparation warranty work is not always reported, or . . .

3. If it is reported, it is not al-

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- Factory pre-assembled for easy tilt-up erection • All booths complete with lights, fan, motor, & all hardware • Immediate delivery • Meets all National Fire Protection Association, O.S.H.A., Environmental Protection and Universal Building codes •
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- TRUCK BOOTHS FROM \$5200

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# Quality Control Forms

Date \_\_\_\_\_

## TECHNICIAN REPORT FORM

YEAR \_\_\_\_\_ MAKE \_\_\_\_\_ MODEL \_\_\_\_\_ R.O. # \_\_\_\_\_

DESCRIPTION OF JOB PERFORMED:

ITEMS FOUND THAT NEED CORRECTION OTHER THAN STATED:

COMMENTS:

OIL & LUBE CHECK \_\_\_\_\_

ENGINE COMPRESSION/WHEN TESTED

1	2	3	4	5	6	7	8
---	---	---	---	---	---	---	---

Test Drive \_\_\_\_\_

Flag Time \_\_\_\_\_

A.C.T. \_\_\_\_\_

TECHNICIAN \_\_\_\_\_

SERVICE \_\_\_\_\_

## QUALITY CONTROL CHECK

\_\_\_\_\_ Check Repairs as stated on R.O. \_\_\_\_\_

\_\_\_\_\_ Test drive if needed.

\_\_\_\_\_ Check tire pressure.

\_\_\_\_\_ Check tire wear (check alignment, if suspect).

\_\_\_\_\_ Check all exterior lights.

\_\_\_\_\_ Check engine oil.

\_\_\_\_\_ Check brake fluid.

\_\_\_\_\_ Check washer fluid.

\_\_\_\_\_ Check battery fluid.

\_\_\_\_\_ Check coolant level.

\_\_\_\_\_ Check all interior lights.

\_\_\_\_\_ Check horn.

\_\_\_\_\_ Check Hazard light.

\_\_\_\_\_ Check hand brake.

COMMENTS \_\_\_\_\_

SIGNATURE \_\_\_\_\_ DATE \_\_\_\_\_

ways claimed.

4. All claims are not submitted because: (a) they are started, but never completed; (b) they are considered too small to bother with; (c) they get buried in someone's bottom drawer or in a parts bin—this happens occasionally even in the best run dealerships; (d) they are not recognized as claimable; and (e) even after processing, they may not be mailed.

5. Some claims are not submitted for the maximum allowed due to: (a) combination operations overlooked; (b) all parts not charged out; or (c) labor not indicated.

6. Rejected or partially paid claims are not always resubmitted or appealed.

7. Claims returned for correction are not always handled.

8. Claims are not submitted on time.

9. Rejections are not resubmitted on time.

10. Claims lost at the factory are not followed up in time—the dealer pays.

11. Non-warrantable items are given to the customer.

12. Claims are submitted with improper wording, incorrect information, lack of information or no authorization when required.

13. Defective parts are not returned or saved long enough.

14. Overpaying mechanics as a result of incorrect application of operation numbers to claims.

15. Use of the warranty repair order for "warranty only" discourages service writers from writing a separate repair order to sell customer-paid service.

16. Saddling the service manager with clerical details of warranty cuts down on time he could devote to selling parts and service and also to supervision. Conversely, . . .

17. Assigning warranty details to a non-mechanical person in the parts department can be costly in improper processing.

18. Finally, the dealer himself could be in the dark regarding the validity of his warranty account because credits are not matched

with claims for proper reconciliation. This could hide much of the above until it is too late to collect on perfectly legitimate warranty claims. It can also result in a large write-off at year-end.

## 4

**Body Shop Supplies.** Body shops can be profitable in many ways, but they can also cause a terrible amount of expense and waste.

In our 40 years of business, we have operated a body shop most of the time and one of the most serious and consistent problems has been the incorrect accounting of supplies. Body shop foremen and technicians generally estimated low on paint and other supplies in an effort to be competitive on bids without cutting their labor.

In addition, they checked out an excessive amount of tape, sandpaper and other supplies to do each job. These items were handled carelessly and even deliberately wasted.

More than 16 months ago, we went to a different system at the





suggestion of our new body shop manager. We now include on estimates the approximate amount of supplies and materials, but we charge all of these items to the technician as he draws or orders them. The amount on the estimate is added to his labor, but he is responsible for the cost plus 10 percent.

Here's an example of this procedure:

<b>Labor .....</b>	<b>\$100</b>
<b>Materials .....</b>	<b>\$20</b>
<b>Total bill</b>	<b>\$120</b>

The technician is paid based on \$120 labor, less the cost of material plus 10 percent (\$11), for net pay of 50 percent of \$109.

This looks like we are overpaying technicians, but it has helped us in charging a proper amount for supplies and materials and it has eliminated most of the waste. We have grossed 10.6 percent profit in August, year-to-date, on materials.

We use our buying power to get the best prices and then compute freight cost and add 10 percent to each item when it is charged out. This is deducted from each man's gross earnings prior to figuring his paycheck. This also gives a body man an incentive to be accurate in his estimate and careful in his use of materials since he can make a profit on an item usually considered an expense.

## 5

**More On Supplies.** Consider placing a log book at the shop parts

counter for entering all supplies issued to the shop. Designate a separate page for each mechanic.

As a mechanic draws an item, an entry is made on his page describing the item (tape, solvent, dozen rags, etc.) and the date. Then have the mechanic sign his name opposite the entry.

The effect this control has on mechanics is that it makes them cost-conscious of supplies and they strive to do a better job of making their supplies go farther.

The dealer can review the log at the end of each month and provide an incentive for the best performing mechanic if he so chooses. Some dealers have reduced this expense item by as much as 50 percent through the installation of a log book.

Additionally, you can charge body shop materials to the body shop manager, on account, at 10 percent over. Then, credit all material sold on a repair order to this account. Split the profit or loss 50-50.

## 6

**Valuable Forklift.** We had a lot of strong-arm type work to do in service and parts because our service department is on a lower level than our parts department. Engine assemblies, transmissions, etc., had to be trucked down on hand trucks. We have no parts dock, so freight truck unloading was quite a chore. We are crowded in the shop and had to unhook trailers from trucks before working on the

trucks—then we had to hook them back up after the job was finished.

The situation was making us think about a new building, but we felt the cost was prohibitive. So we bought a used forklift for \$1,100. We use it to:

1. Unload the freight trucks. One man can do the work of four or more.

2. Load parts for customers, particularly engine assemblies and rear end assemblies.

3. Move the heavy parts from the parts room to the shop. It's faster and prevents injury to men and damage to parts.

4. Move engines, rear ends and heavy parts from the shop to the wash rack for steam cleaning.

5. Remove trailers from trucks and put them back when the job is completed. We had been using a \$10,000 wrecker for this, tying it up when it was needed elsewhere.

6. Tow disabled cars in and out of the shop. This frees the wrecker and it works better since the lift is more maneuverable.

This inexpensive little unit makes heavy, dangerous work a breeze. We believe it will help prevent lifting injuries and we know we've been able to eliminate at least one job.

## 7

**Obsolete Parts Problems?** If, after taking a physical inventory, you find that too much of your inventory has become obsolete, consider these two tips:

1. Contact local vocational or



technical schools, local prisons, welding classes, etc., and donate the parts at list price. You can take a tax deduction at the end of the year.

2. If you know a dealer who is selling out, make a deal with him to sell your parts to him at a discount, example 25 percent. He in turn can return all parts to the factory at full credit.

## 8

**Technician Retention.** This idea may not save you money on the short-term outlook, however, we all know it costs time and money if we have a high turnover rate on service technicians.

Since top mechanics are hard to come by, I feel we have developed a number of programs designed to keep turnover rates at a minimum. We employ a total of 22 productive mechanics and have replaced only two in the past six years. One went into business with his father-in-law and the other was a GM-trained mechanic whom a Cadillac dealer stole from me.

Because of our reputation as being a good place to work, we never advertise for mechanics

even during a growth period. We try to lure people to our dealership; within the industry in our area, we believe our pay plan is tops along with other benefits such as hospitalization, profit-sharing pension plan, paid vacations at 1/52 of their yearly earnings per week, and many other benefits.

But we feel the most important program we have is called our "Mechanics Advisory Board". Three mechanics are elected by their peers to represent them as their spokesmen. Once a month these three men meet with me and my general manager to discuss anything that might affect their earnings, safety, security, dealer planning for the future, or problems they feel are important enough to lay on the table. With this system, they feel they are part of the dealership and not just bodies punching a time clock.

You may not feel such an advisory board would make much difference, but let me cite an example of the cooperative spirit that exists in our shop:

Due to construction and the addition of eight more service stalls,

## Locate Oil Leaks



A-680 Fluorescent Additive and the B-100A/X BLAK-RAY® Lamp from UVP . . . the new black light high performance team designed to help you save time on *every* oil leak inspection. And eliminate customer call back!

A-680 was developed specifically for use inside the engine. Additive and lamp work together to make every inspection efficient and profitable. A one-ounce container of A-680 helps pinpoint leaks that visual and ultrasonic techniques can't find. The bright yellow fluorescence indicates the trouble spot. And it's completely safe for all engine components.

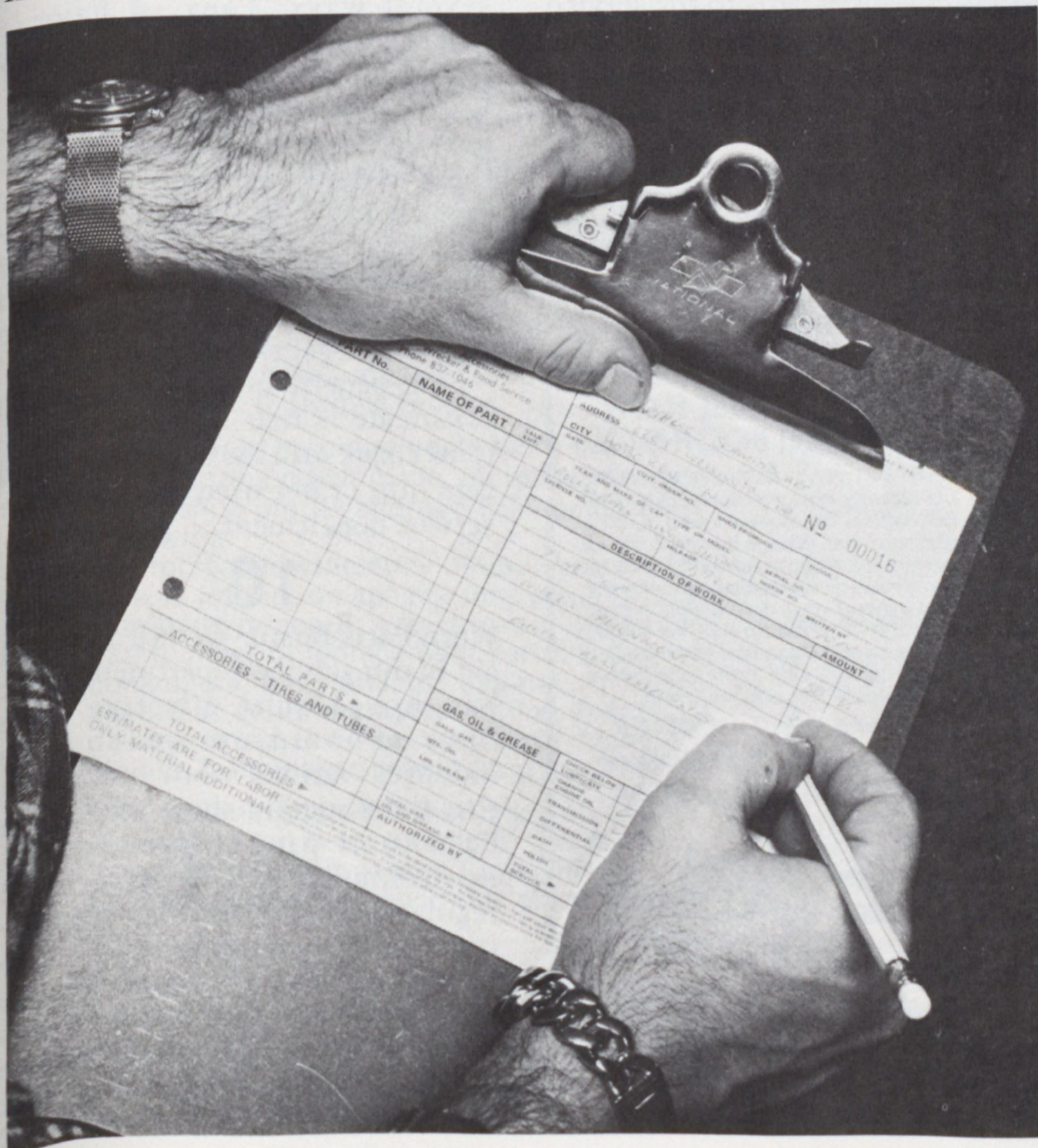
For fast inspection, the powerful B-100 A/X is unexcelled in UV output. It's designed for outstanding performance even in service bays where competing light is a problem. A 20 foot secondary cord allows you to inspect anything from a jazzy sports job to a heavy duty semi. And it's rugged and easy to use.



The A-680, B-100 A/X High Performance Team . . . recommended by the leading manufacturer of automobiles and trucks. Write today for more information .

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we have shut down eight other productive stalls. Our mechanics came to management and said they would cooperate by doubling up in some stalls and anything else they could do to keep our service business moving. Right now, some of these people are working under conditions I would be hesitant to ask them to work under again.

It's a proud group I have and I think the advisory board system is responsible in large measure. It sure keeps top quality people here, where we need them year after year.

## 9

**Customer Satisfaction.** As the previous day's repair orders are processed through the office, we eliminate transients and government agencies and make a photostat of all the others. These copies are then given to a telephone girl who calls the customer within two to four days after the repair work is completed.

The caller leads with her chin. She introduces herself, asks if they have a moment to talk, and then says, "I see you had your (for example) 1978 Thunderbird in for repairs; was the work done to your satisfaction?"

If the reply is in the affirmative, she discusses the work, tells the customer she's glad the work was okay, and tells him or her she's mailing a free lubrication certificate—good for a free lube job

or (for example) \$3.50 in free service. After calling, she sends out the certificate along with a handwritten note telling the customer how to use it.

The telephone girl records all this on the repair order copy and is explicit as to the degree of satisfaction and any "flowery" statements the customer may have made.

If the caller receives any adverse reaction from the customer, regardless of the degree, she records it and advises the customer he or she will be contacted by a service department representative so any problems can be worked out. She also tells the customer about the free lube certificate and explains its use and then mails it out. (Many customers will use the certificate when they come in to correct problems.) The caller does *not* make any appointments for dissatisfied customers. It works out better when the service manager or service advisors do this.

Adverse reactions are listed on the service manager's customer call list and placed in his file. He gets this file each day, reviews the information recorded there, makes appropriate notes, and assigns customer calls to the service advisor who originally handled the job. The service manager then marks his file and returns it to the telephone girl.

Service advisors are directed to contact these customers within 24 hours or less to discuss the problems, set up appointments, and

just generally satisfy the customer. This information is recorded on the repair order copies and returned to the service manager who reviews them again and returns the copies to me.

When the service advisor calls the customer and makes an appointment, he marks the ticket to show the complaint and any pertinent details. This alerts shop personnel when the customer comes into the shop for this work.

If the caller gets a customer who is extremely dissatisfied or irate, she gives me a copy to advise me of the dissatisfied customer. I then discuss the matter with the service manager.

I get the repair orders back when the work is completed. I do spot-check a few myself. However, the fact that all the customers are called again in a couple of days by the caller gives a foolproof check on customer satisfaction.

I feel this system has greatly improved our service to the customer, our image in the eyes of the customer, and very definitely helped our image in the eyes of all dealership personnel.

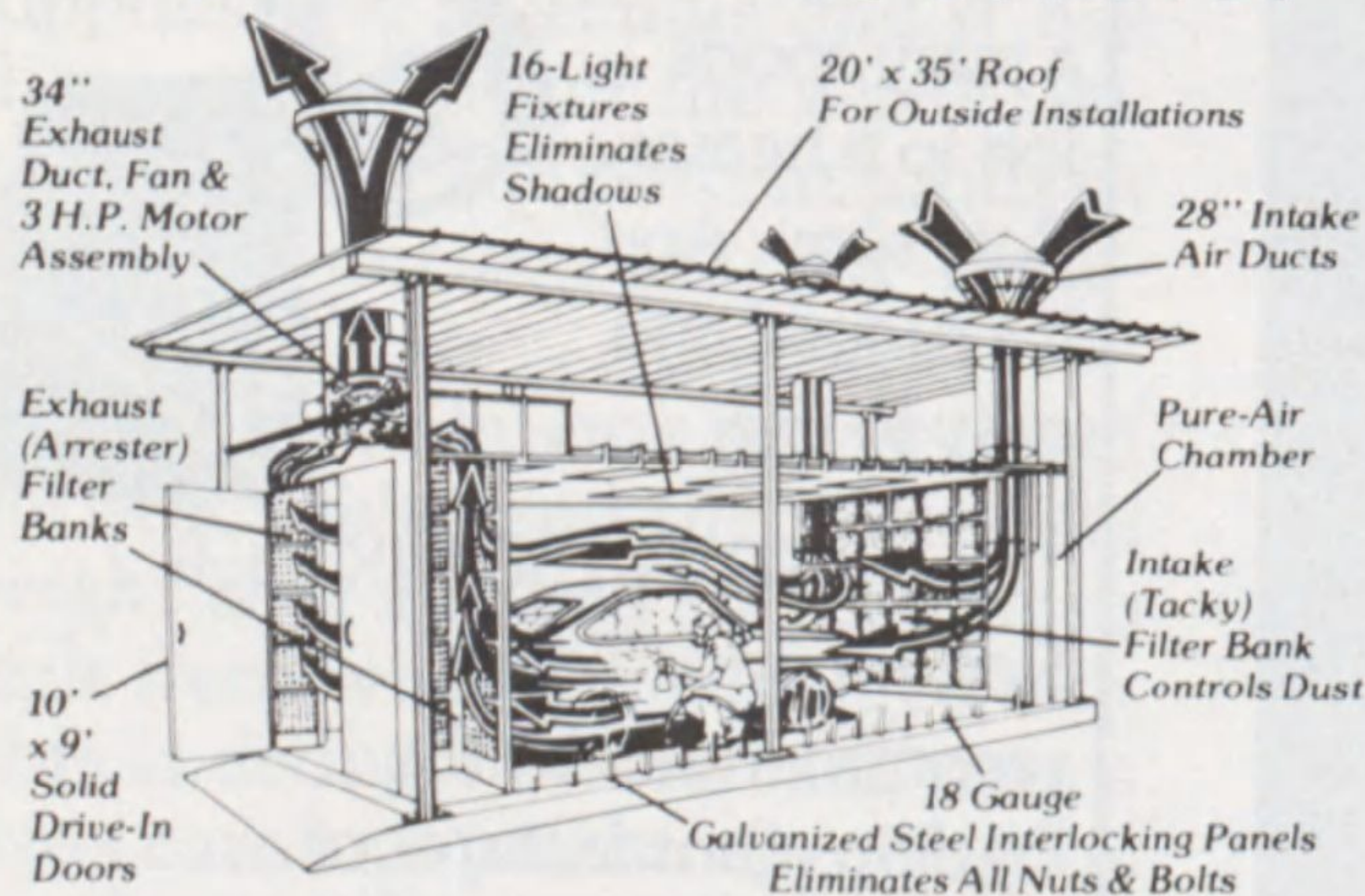
The salesmen use this system in several ways. They all have a loose-leaf notebook in which they place copies of these repair orders. We update the notebooks frequently and the salesmen use them to show customers we really care about them. They also show potential car-buyers copies of "dissatisfied customer" ROs and explain how we take care of these people and get them satisfied.

One benefit of the lubrication certificate is that it gets the customer back into the dealership and gets him or her used to using our service department.

## 10

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Att. John Garrison  
Vice President, Marketing

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36 AUTOMOTIVE EXECUTIVE, DECEMBER, 1979





## An innovative body shop system uses computers to speed up time normally spent in preparing estimates.

By Dave Conrad

**"S**omething more powerful than any army is an idea whose time has come," is the adage Itel Corp. technical advisor Ron Palmer uses in referring to a new computerized estimating service for body shop repair damage called Audatex.

Audatex uses computers to store and retrieve information on parts, labor and costs, cutting the time that normally would be spent manually preparing an estimate.

An appraiser indicates damage on a pictorial estimate sheet which diagrams an "exploded" view of the automobile. There's a different sheet for virtually every make and model.

Using a typewriter-like computer terminal and the damage information, cost of labor and parts repair is computed. A printed estimate is then produced by the terminal, supplying all repair costs. The user reaches the Audatex system by making a local telephone call.

The system does not replace men with machines, it simply makes the appraiser more efficient. "If a professional estimator

is good," says Palmer, "this will just make him better. Each dealership's body shop information is individually programmed to present a personalized image. It has its name and logo printed on top of the estimate, its own labor rates are programmed and all the estimates will come out at that rate unless something different is programmed. Tax structures can also be programmed.

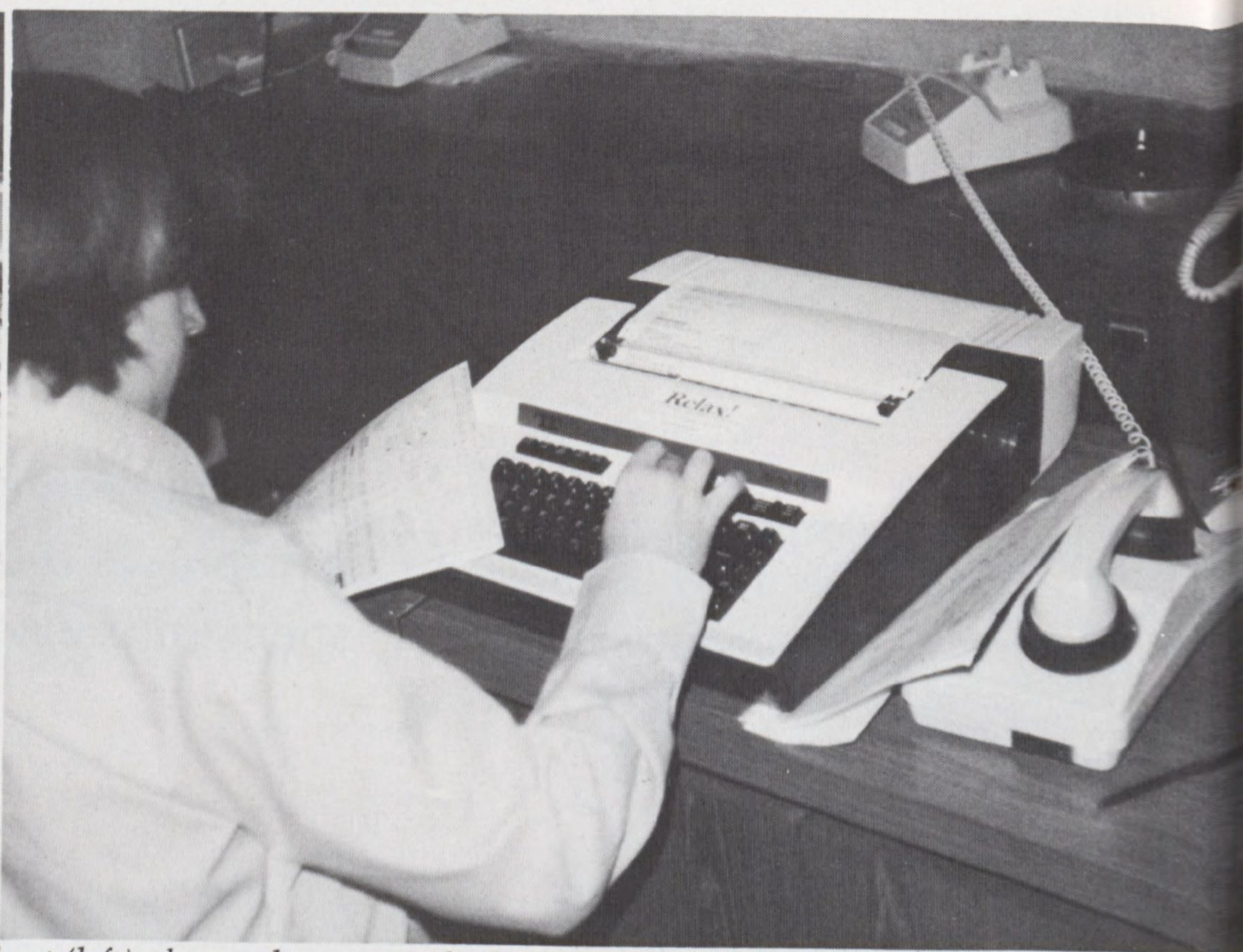
"We constantly update any part price changes for cars on the system. These correct prices are immediately available to our clients through their terminals.

"The Audatex estimate takes all the guesswork out," Palmer continues. "And it's accepted by most of the major insurance companies."

Itel's headquarters is in Hayward, Calif. and the Audatex service was first offered on the west coast in September, 1978 and on the east coast last April.

Itel has offices in 24 cities throughout the country which are staffed with both marketing and customer service representatives.





After damage is recorded on a pictorial estimating sheet (left), the results are punched into a dealership computer terminal. In moments, the terminal returns a print-out listing of all parts and labor costs.

A number of dealerships are already using Audatex and it has received the endorsements of the King County Automobile Dealers Assn. as well as the Wisconsin Automobile and Truck Dealers Assn.

Body shop men, usually managers, learn about the system in a three-day training class. They use a workbook with supplemental tapes. Every section of the worksheet and everything the computer does is explained as well as how to make entries correctly.

The workbook starts off with very basic exercises, but works up to the final exercise which involves a fairly extensive estimate.

"We try to cover everything the Audatex system will do," says Palmer. "However, there's nothing like actually going out and looking at a car. The beauty of our system is that it's more visual.

"When the estimators come out of training and go back to work, we want it to be fresh in their minds. So, we install the terminals before training. After training, I spend a day or two on location in their

dealership to help them with any problems."

Do a lot of problems arise?

"It depends upon the person," answers Palmer, "as to how long it takes to become proficient with the system. We try to keep the errors in the training class, but sometimes a certain phase might bother a person and some errors are made."

Palmer likes to keep his classes fairly small. "I'd rather have smaller classes so I can give more attention to each student and be sure they get enough practical experience on the computer terminal."

In 80 percent of the cases, the students are from dealership body shops, but Palmer has also trained some comptrollers so that somebody other than the body shop personnel understood what the system could do for the dealership.

Obviously, if estimates are more accurate, they will have a greater impact on dealership profit for the month and the year.

The system was conceived ten

years ago in Switzerland and now, the Audatex system accounts for about 80 percent of all the estimating systems in Western Europe.

Itel did a study on estimating systems in California just prior to buying the marketing rights to Audatex for North America. It found there was a 22 percent error rate in calculating estimates. Itel saw Audatex as a more efficient way to determine the damage on a car and the company modified the program slightly to accommodate American cars.

"We're still in the infancy stage in the U.S.," says Palmer, but our growth has been rapid and the acceptance of the product most encouraging. We presently have 400 customers. Canada is also doing well.

"We have four sales sources: dealerships, independent body shops, insurance companies, and appraisal services or sometimes, even companies like Hertz that do their own estimating and are self-insured."

Audatex goes back ten years on



***“ . . . it's a step towards bringing us (body shops) out of the 'pool hall' image and putting us up front where we belong.”—Ron Palmer***



most cars so it can take care of 1970 model year cars. “Anything before '70,” supposes Palmer, “unless it is a show car or a restoration piece, with any kind of a hit would be a total loss and to prepare an estimate would just be unnecessary.”

“Body shops are becoming more and more important to the dealership. I've been in this (body shop) business for 29 years, but only recently with Itel. I know from my own experience at dealerships there's been more interest in body shops in the last six years since the oil crisis came up. Dealers are looking at their body shops for more profit. We're going to help carry the load.”

Palmer says Audatex works well with the insurance companies. According to him, about 90 percent of all body shop work is insurance work. “The insurance companies,” he says, “like the Audatex estimate because it's easy to read, it has computer accuracy, part prices are always up-to-date and it provides a standard for estimates throughout the country.”

He says, “You treat your customers well, whether they be the owner of the car or the insurance representative. But, if you care at all, you try to put the interest of the owner first. That puts pride back in the business.”

“When the body shop negotiates with the insurance company, the objective should be to put the car back in the condition it was before the accident. It shouldn't be a battle. The repairs should be made with quality parts. Money should be made on these repairs, but the insurance company shouldn't overpay.”

“Communication,” he continues, “is a very important thing. All parties concerned should know what the others are doing, especially what is being done on the car.”

Estimates will have to be more precise in the '80s because, since cars are smaller, damage will be more severe. There will be more hidden damage. With the exploded-view worksheet, estimators will get a better picture.

They'll be more aware of structure.

In the opinion of Palmer, the Audatex system will be one of the biggest things ever to improve body shop image. Dealers, he says, can display it on their service lanes and encourage customers to come back and get a computerized estimate. Or, “it could be used as an inexpensive add-on service. An estimate can be written up while a car is in for, say, a tuneup. When the customer comes in and asks what it is, tell him and then see if he'll make an appointment with the body shop manager. One body shop wrote us and told us that with Audatex, 80 percent of their service customers who received computerized estimates came back to the body shop for repairs.”

“I'm not saying it's perfect, but it is, as far as I'm concerned, the first major improvement in estimating in 30 years. It will help body shops at dealerships run more efficiently and that will increase profits. I'm proud of our business.” **Æ**



# The FTC's Used Car Rule

By Brian Evans,  
NADA Legal Group

**O**n October 11, four members of the Federal Trade Commission met in open meeting to begin their formal deliberations on the proposed *Trade Regulation Rule for the Sale of Used Motor Vehicles*. The encouraging results of that meeting, plus the recent controversy in Congress over the rule, presents this opportunity to bring dealers up to date on this rule, NADA's involvement, and prospects for the future.

At the October 11 meeting, three of the four commissioners expressed a clear position *against* the mandatory inspection and

mandatory warranties so strongly opposed by NADA and so strongly opposed by the rule-making staff. However, FTC Chairman Michael Pertschuk, who is believed to favor the inspection and warranty provision, refused to bring the issue to a vote and thereby completely kill these controversial measures.

The mandatory warranty and inspection have become the major center of controversy surrounding the rule. NADA has agreed that Congress neither contemplated nor authorized a rule of the type proposed. The FTC staff has agreed that the general authority of the commission and the Federal Trade Commission Act and the Magnuson-Moss Act is broad enough to justify these requirements.

The FTC initiated this rule-making proceeding in 1976 under a directive from Congress in Section 109(b) of the Magnuson-Moss Act. That section provided that the FTC was to initiate a rule-making proceeding dealing with warranties and warranty practices in connection with the sale of used motor vehicles.

Section 109(b) also indicated that the FTC was to prescribe rules to the extent necessary to "supplement the protections offered the consumer by this title. . . ." The title referred to dealt with the *disclosure* requirements of warranties.

The FTC's initial proposal was more in keeping with that directive. That short proposal proposed an "as is" disclosure which would explain to the customer what an "as is" sale is when a car was sold with no warranty. The FTC also proposed such disclosures as the prior use of the vehicle, disclosure of reconditioning and repair work performed on the vehicle and a description of the warranty offered on the vehicle. No mention was made of mandatory inspections or mandatory warranties. Some time later, the FTC staff circulated a draft "disclosure sticker" which, for the first time, proposed the inspection checklist. Even this initial proposal offered the dealer the choice of inspecting or not inspecting.

As the proceeding developed, the staff pushed harder and harder for mandatory inspection and mandatory disclosures. NADA

continued to assert that such a proposal was beyond the authority of the commission.

The legislative history clearly indicates that Congress did not contemplate a rule-making proceeding of the type eventually conceived by the FTC. The House version of the Magnuson-Moss Act contained no provision regarding used cars. In the Senate, then Senator Vance Hartke (D-Ind.) proposed an amendment to the bill being considered which added a separate title on used car warranties. That amendment, which focused on used automobile warranties and disclosure regarding a warranty or lack thereof, did *not* require a dealer to provide a written warranty when selling a used car. The amendment dealt with an "as is" contract disclosure which conspicuously disclosed that all repairs were the responsibility of the buyer.

This amendment, although adopted by the Senate, was subsequently rejected when House and Senate conferees got together to resolve differences in the bills passed in the separate houses of Congress. As a compromise, Section 109(b) was adopted. Thus it is clear that Congress contemplated a *disclosure* rule rather than a *warranty* rule.

As the rule-making proceeding neared its conclusion, members of Congress became increasingly concerned about the nature of the FTC's actions. Twenty members on the House Interstate and Foreign Commerce Committee (the committee which originally considered the bill) formally stated in one committee report their opinion that Congress had intended a disclosure rule rather than a mandate of warranties and inspections:

*Congress never intended to give the Commission authority under the provision of P.L. 93-637 (Magnuson-Moss Warranty Act) or any other provision of law to require inspection of vehicles or to require that any used motor vehicle or any of its components be warranted. (House Rept. No. 96-181, P. 46)*

The controversy over mandatory warranties and inspections

(See FTC Page 42)



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ictured left to right: Roger Boggs, President; John Surratt, Sales Manager; Curtis Allred, Sales Manager; Dick Williams, Marketing Manager R.C.I. 'TekTor

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6 November 1979

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*Roger Boggs*  
Roger Boggs  
President

RB/g5

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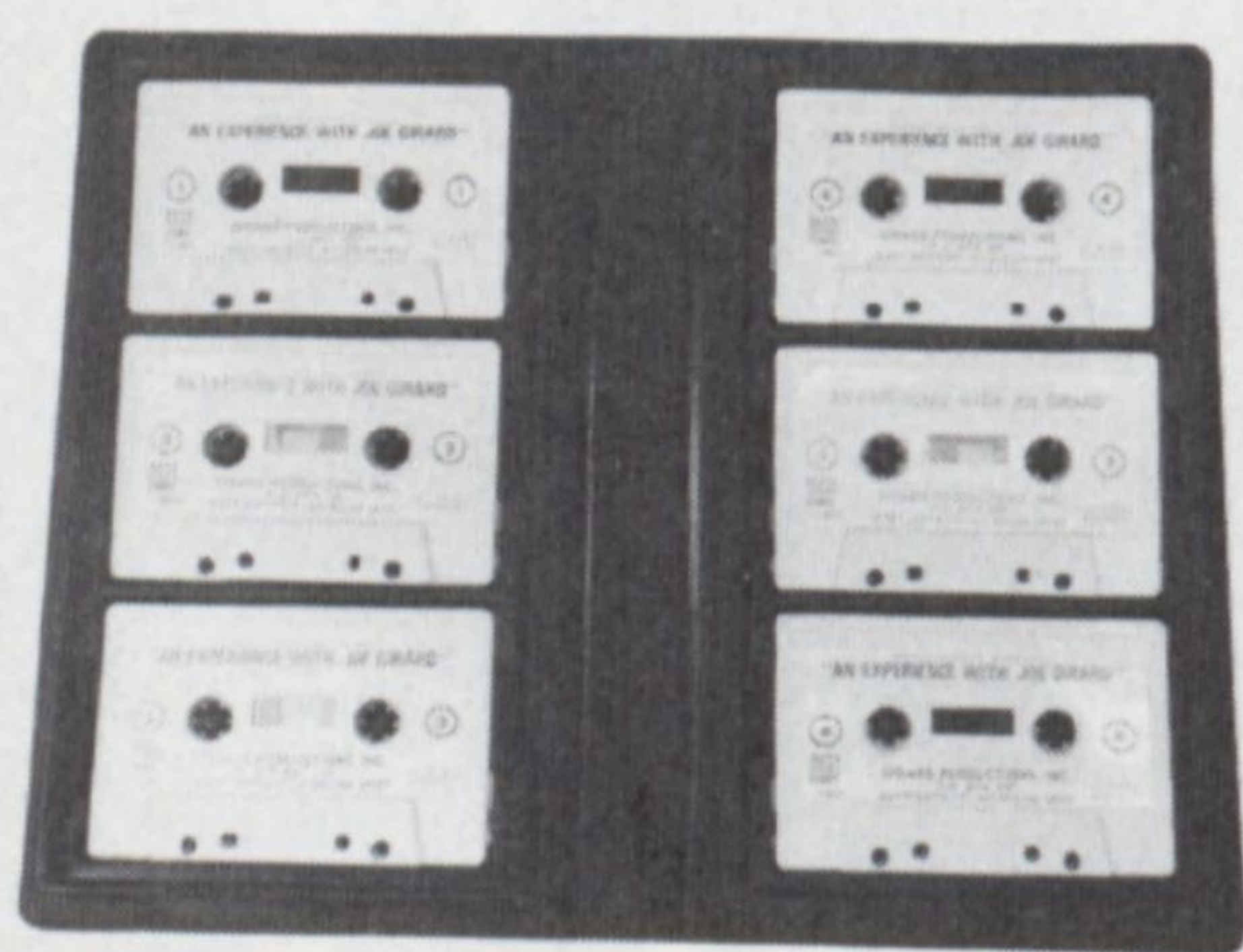
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eventually led to a split among the members of the commission staff as to how the rule should be implemented. On July 26, 1979, Albert Kramer, the director of the Bureau of Consumer Protection, sent a memorandum to the commission outlining a new "no promises" option and proposing that this option be considered along with the mandatory warranty option.

The "no promises" option would add a separate column that dealers could check as an alternative to "OK" or "Not OK."

"No promises" would have been explained as follows:

*"No promises"—If we check an item "no promises," we either did not inspect it or we do not want to promise you that it is OK. An item marked "no promises" may need repair. You will pay for the repair unless it is covered by an implied warranty or repair agreement as shown on the rest of this form.*

Kramer proposed this option as a test mechanism. It is his hope that if this option is adopted, competitive influences in the marketplace will soon lead dealers to inspect and warrant all the systems.

In his memorandum, Kramer noted that the "no promises" option "more clearly comports with the legislative policy of Title I of Magnuson-Moss."

Commissioner David A. Clanton opened the October 11 meeting by noting his opposition to mandatory warranties and inspections. He suggested a rule which would require clear disclosures concerning warranties—what is offered and what is covered. He suggested that the system's checklist could be included in the sticker only so that customers would know whether the system is covered by warranty or not. It would not be an inspection checklist.

Commissioner Robert Pitofsky was concerned about the cost of the rule. He felt that even if the staff's assessment that the inspection would cost \$30 or less was correct, customers would not be receiving \$30 worth of protection. He noted that customers would be discouraged from paying for inspections by independent parties.

Commissioner Paul Rand Dixon focused on the difficulty of enforcing the mandatory inspection. He was also troubled by the mandatory inspection and felt that dealers were being asked to make a judgment which was, at best, difficult if not impossible.

Chairman Pertschuk did not specifically state his position on the rule. However, even though there were clearly sufficient votes to eliminate the mandatory inspection and warranty portion of the rule, Pertschuk did not bring the matter to a vote.

Director Kramer was directed to conduct "copy testing" of a new form and Pertschuk indicated several times that "all options are still open."

The result of the meeting is that no rule will be implemented for six months to a year. The commission staff's full study of the rule could lead to a reopening of the record which could delay the rule even longer.

It is likely that eventually some rule will be implemented. However, due to the efforts of industry representatives led by NADA, several objectionable provisions have been eliminated or are likely to be eliminated.

Before the rule was proposed, NADA persuaded the FTC to kill two unwise proposals: (a) a post-purchase cooling-off period during which a customer could revoke acceptance of a car unilaterally without cause; and (b) a mandatory opportunity for customers to take a car off the dealer's lot for a private inspection.

At the October 11 meeting the commission eliminated any further consideration of provisions requiring dealers to disclose past ownership of automobiles. It also eliminated consideration of odometer disclosures which would duplicate other laws.

Of most significance, it is clear that there is substantial opposition to the mandatory inspections and warranties so strongly pushed by the rule-making staff.

Although significant time and expense have been spent by NADA and other industry groups opposing this rule, the results to date indicate dealers can have a voice in government and that ill-conceived regulations can, on occasion, be eliminated. **AE**





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# WORKSHOPS

## Backbone of the NADA Convention

One of the top attractions of the 63rd Annual NADA Convention and Equipment Exposition in New Orleans will be an abundance of instructional workshops to keep the modern dealer informed on a variety of subjects and to aid him in increasing or solidifying profits during this inflationary period.

The auto business is becoming more and more intricate. This "University of Automotive Management" will cover 30 different topics scheduled for a total of 107 separate sessions which will provide the dealer with the advice and guidance he needs to try to make things a little less complicated.

The workshops will run from Sunday, February 10 through Tuesday, February 12 and all will be repeated at least once to minimize scheduling conflicts for conventioners.

This year, the workshops will be

categorized into three sections entitled, "You—the businessman"; "You—the manager"; and "You—the person". Featured will be speakers who have attained success and expertise in their respective fields through hard work and experience.

As a businessman, a dealer would be interested in workshops covering subjects such as *Advertising*, which determines if and how the public views the dealership and offers advice on getting into the limelight; *NADA 20-Groups*, which can show how to maximize profit potential; *The Used Car Market*, with discussions centered on used vehicles sales profit; and *Increasing Dealer Impact in Congress*, which identifies the issues directly affecting the dealer, NADA's position on them, and how the dealer can be heard in Congress.

Several workshops geared toward the dealer as a manager in-

clude, *Hiring Dos and Don'ts*, a workshop that gives tips for hiring the "right person for the right job"; *NADA SALES TRAK*, which offers a management system for the sales department; *How To Run an Effective Meeting*, which studies what it takes to be effective; and *Time Management*, with scrutiny of time traps and productivity.

Getting more personal, workshops such as *Dealer Successorship*, with discussions on regulations and requirements from the dealer's, the widow's, the son's and the NADA expert's points of view, and *Life-Saving First Aid*, with demonstrations, will be offered.

So, make plans to attend now and be part of this profitable experience. You'll probably find the trip paying for itself.

Next month, we look at the convention's Ladies' Program.

Æ



# Each year thousands upon thousands of dollars are spent on layout, design, merchandising and promotion for the NADA Convention and Exposition.



## Make sure you invest the same time and effort in your advertising.

Almost universally, the NADA Convention and Exposition is considered to be a focal point of the years activities. Accordingly, manufacturers, distributors, and sales personnel alike spend hour upon hour and dollar upon dollar determining the best methods for reaching the thousands of dealers and managers who attend the Convention.

Then: a method must be found which insures that this message is communicated to them.

Make sure that your message reaches these buyers. Make sure that the dealers have an opportunity to know you and your product thoroughly; well in advance of the show.

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the pages of Automotive Executive in the next few months to gain this advantage! Complement the work and creativity which is being expended to make your booth and message "an event to remember" by investing in AE.

Beginning with the October issue, AE will focus on the Convention events in each succeeding issue and will culminate in February with the "Convention Issue." Take advantage of this opportunity to place your message in front of the dealer and his managers while they are thinking about the Convention.

The investment is minimal; yet the rewards and benefits that will accrue are tremendous. Contact AE today with your commitment to utilize this advantage to it's fullest extent.

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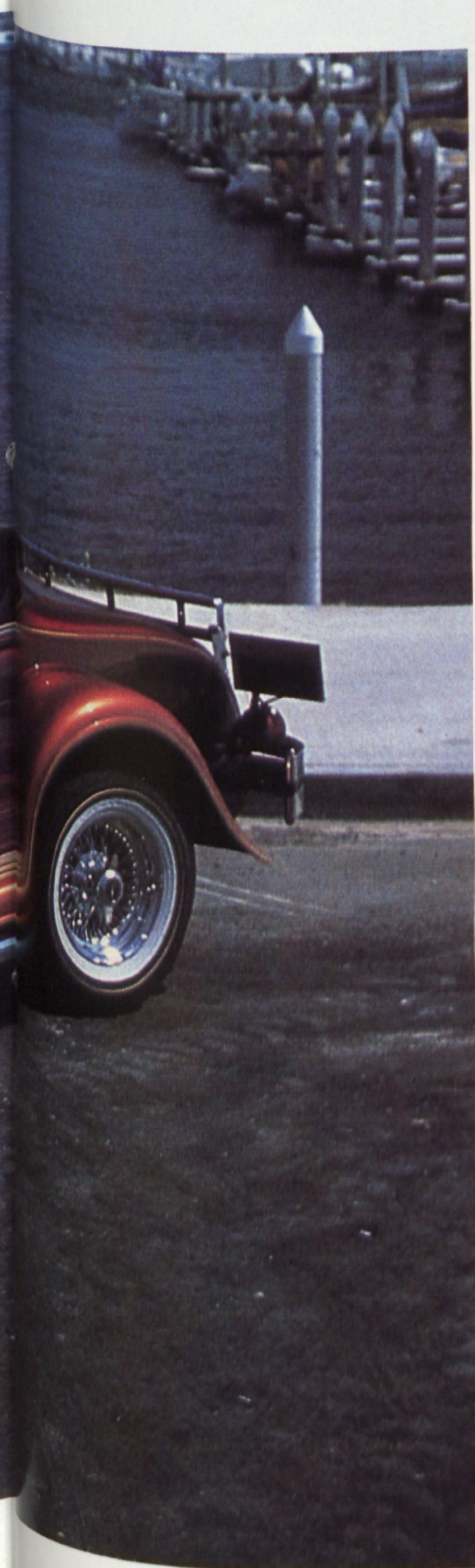


# The Exotic World Of Specialty Cars





In spite of the big push for smaller, more fuel-efficient cars, there are a number of small companies getting rich by building vehicles reminiscent of days gone by.



**"Big cars are dead."**  
"Big cars don't make money."  
"The day of the dinosaur is done."

"All new cars look alike."  
Have you heard those lines enough? Do you believe them? Do you find yourself repeating them just like everybody else?

Well, though it's apparently true that two of Detroit's "Big Three" are getting poorer because the public and the government don't want them to build the big cars they once did, certain small companies are getting rich because they are building those cars.

The cars we're talking about are not, for the most part, reminiscent of the big yet downsized boats of the '70s. They are the result of a further reach back, they are nostalgia itself, and they are beyond the means of most people.

These cars, each in their own way, are something different, and that is one of the primary reasons they sell. The "limited production" label commonly placed on them unquestionably drives the price up, exclusivity being the better part of a new car if it exudes class and style and desirability.

Some of the cars tell you at a glance exactly what they want to seem to be. The Model A Roadster, for instance, put out by the Model A and Model T Reproduction Corp. in Detroit, looks very much like the car that was tooling around the roadways of America

*The Diamante, produced by Matthews Motor Coach Corp., is a hand-built vehicle available to dealers under certain conditions.*

when Wall Street was the world's most famous dead end. It rolls, it stops, it is a convertible and it does have a single wiper blade. But beneath the skin and in the derma itself there are some differences from the original.

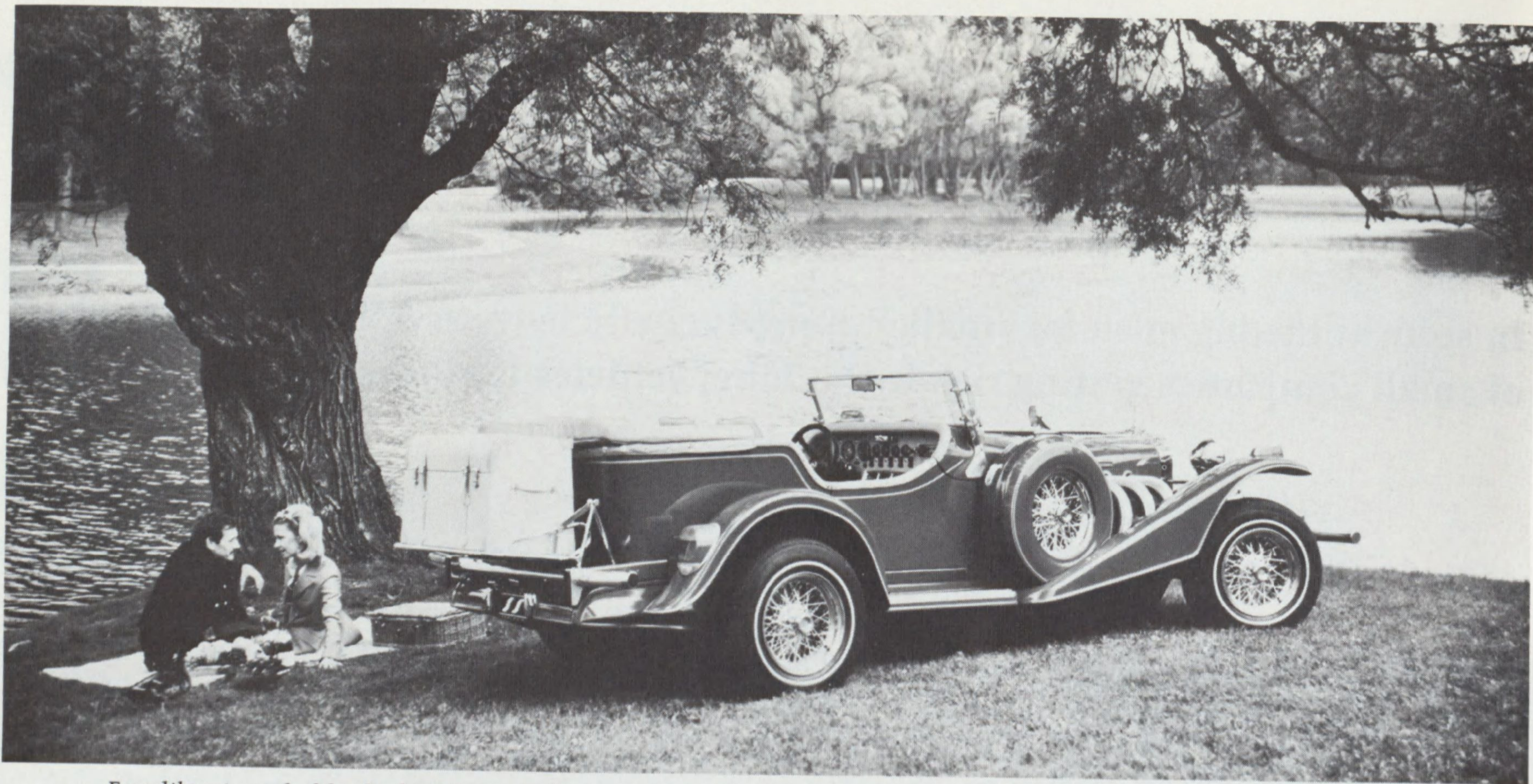
Its body is fiberglass, to begin with, and the engine can do a lot more for you than its antique cousin can. All the Model A cars have a 2.3-liter four-cylinder engine—a plant that just happens to be in today's Ford Pinto—and the two cars share the choice of a four-speed shift or an automatic. A customer wants an AM-FM stereo tape unit? Just remember the words of one of the exotic car manufacturers: "What we're doing is offering the look of yesteryear with the technology of today."

That observation is just as true for the exotic cars being put out today—cars that really don't have a heritage—as it happens to be for the *replicars*, the honest-to-god imitations. Probably the best known of the exotics is *Excalibur*, the oldest and largest manufacturer of limited production vehicles in the U.S.

Excalibur has been around for 15 years, and the company's executive vice president, Bill Stevens, says his firm considers itself not a customizer or a coachbuilder, but a manufacturer.

The Excalibur people build their own frame as well as their own body, which is made of hand-laid-up fiberglass. The engine, the brakes, the steering, and the suspension components come from General Motors and, though Excalibur must do its own certification, GM helps it with that task.





*Excalibur is probably the best known "limited production" vehicle built in the U.S. It's been around for 15 years.*

About 300 of these throwbacks to another styling era find their way into customer's hands each year. All told, there are about 2,000 Excaliburs on the road. The base price is, when compared to the acknowledged quality of the car and the price of its competitors, an extremely reasonable \$28,800.

If a dealer views the car as a solid profit opportunity, he's probably right, but there is an obstacle in the way of that profit. Excalibur sells through only a handful of independent dealers, and it is not really looking for any more.

However, the car still works for John Eagle, the head of Eagle Lincoln-Mercury in Dallas, Texas. Eagle is *not* an Excalibur dealer, but as he says, he still has a lot of customers who want one, so he manages to buy what they want.

Last year Eagle bought seven Excaliburs and he admits the potential for profit in the resale is considerable. He says, however, that a dealer has to remember that the investment in just about any exotic is higher than that involved in the average car, and the time needed to sell one may also be more.

A dealer might even find the buyer of a car like the Excalibur to be a demanding one, says Eagle, but he says it's worth it. He keeps an Excalibur around all the time, often in the showroom itself, and it promotes traffic for the cars that

he does sell in volume.

"It really creates an atmosphere in the dealership," Eagle says. "We sell more cars than our (Lincoln-Mercury and Honda) competitors, and maybe one reason is, people come down here and they always see something going on.

"There are, you know, good traffic builders and there are bad ones. 'Jaws' the shark, for instance, brings in a lot of kids, but kids are not qualified buyers.

"On the other hand, if you've got an unusual automobile on display, and you're changing to another one all the time, well, you get another story. People who are interested in cars usually buy cars. People who are interested in *sharks* don't always buy cars.

"One dealer I know," Eagle says, "has a piece of Skylab in his store, and everybody in the world is there looking. But he's got so many people there looking at the Skylab, he can't sell autos. His salesmen don't know if they've got qualified buyers on their hands or not. They only know they've got a horde of people around them who apparently came to look at something besides the cars.

"I'm sure this dealer's theory is that once he gets the people inside the doors, they might buy. They might, but maybe some buyers will get away (in the crowd), leaving just a lot of non-buyers to look at the rock."

In Eagle's mind, the description

of his exotics as attention getters or floor traffic builders is really not complete enough. "We have three showrooms," he says, "one for Honda, one for Mercury, and one for luxury cars. We *always* have something different on the floor.

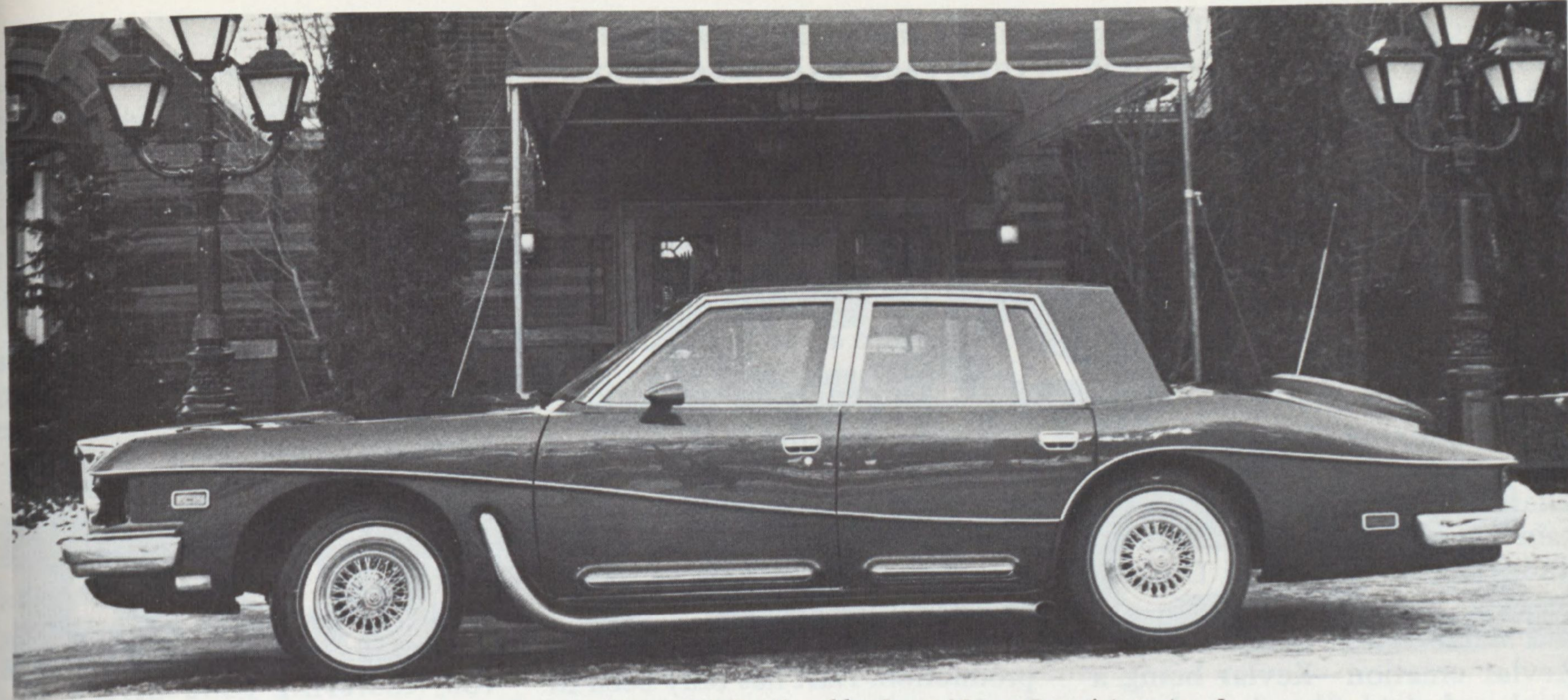
"Right now, we have a Rolls on display in the Lincoln-luxury car division. We're the leasing agent for Rolls Royce in this area, so we like to have it in view. Next to it is a Mark V and three Lincolns.

"People come in, look at the Rolls, and of course, they start talking about how fantastic it is. But it does cost \$87,000, and it makes the Lincoln look like a very good buy. Sometimes it turns out that they do buy that Lincoln."

Eagle owns a small company in Dallas called Limited Editions, a firm that, according to Eagle, turns about 75 hardtops each year into convertibles. Most of them are Marks, and he also builds quite a few topless Eldorados.

"I only sold 20 Mark V convertibles through this dealership last year," Eagle says. "That's not many, but the fact that these cars can be seen on display gives people something to look forward to, something to talk about. Word of mouth is a powerful weapon, and people whose tastes in cars are similar do talk to one another. A lot of people come to see us because of that, and if nothing else they often come in for service and we get a chance to talk to them."





*The Stutz IV Porte is one of five models offered by Stutz Motor Car of America, Inc.*

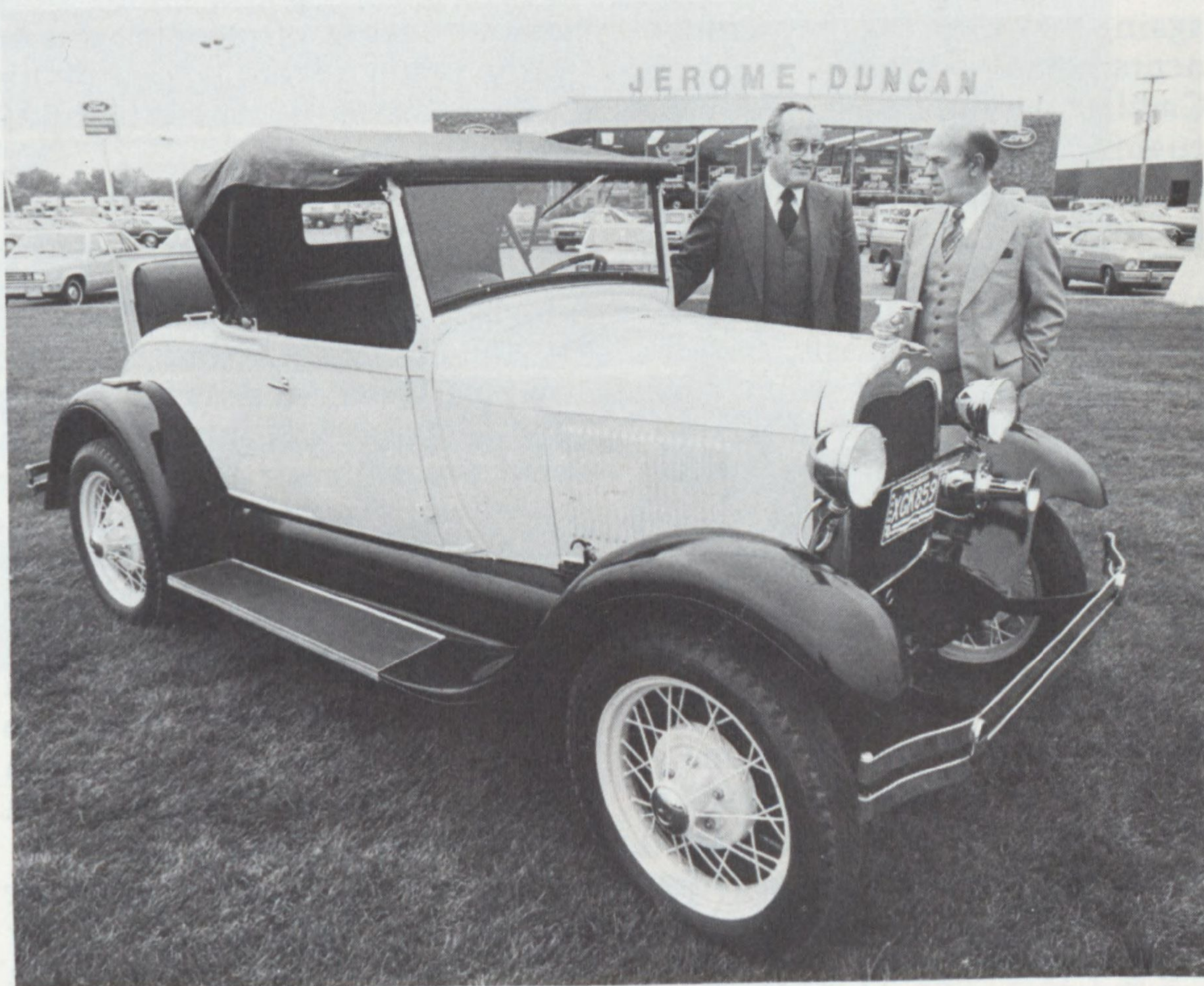
The convertible conversion is one "exotic" that seems to be attracting a lot of notice not just from customers but from customizers as well. A lot of companies are making them, and Caddys and Marks seem to be far and away the favorite tools of the trade.

One of the many California converters is Coach Design Group, Inc., located in Westlake Village. CDG makes the San Remo Dorado convertible, a made-over Cadillac Eldorado with a base price of \$39,500. The car is produced in a 20,000-square-foot plant and about 600 man hours, according to the president, Ronald D. Rice, go into every finished product.

CDG strengthens the frame and body, including the "B" pillars, before the hard top is removed so that the car has the structural strength it needs, and the company offers a lot of options to boost the car's appeal. According to Rice, because of "the unlimited number of available options, it is possible to order a Dorado that will be like no other in the world."

The drivetrain, fortunately, is like that in many of the *Eldorados* in the world, so servicing for a Dorado customer should be no problem.

Another firm that likes to turn GM chassis into a different type of automobile is Hess and Eisenhardt Co. in Cincinnati. This company began in 1876 as a carriage manufacturer. Today it produces funeral coaches and armored touring



*An example of the increasingly popular "replicar" is this Model A Roadster put out by the Model A and Model T Reproduction Corp. (Photo courtesy of the Macomb Daily)*

cars for heads of state and other dignitaries.

Quite a few dealers have been lined up to market the H&E products, and, lucky for the retailers, not all of the Ohio firm's output has the same degree of panache.

Hess and Eisenhardt point to themselves as the largest producers of Caddy ragtops in the country, and whether they are or not in this topsy-turvy and growing business, they have a lot of what dealers want.

Their Caddy is called the Le Cabriolet, a car that, when it arrives at the 100,000-square-foot

plant, starts out as a Coupe De Ville. Starting price is approximately \$26,000, and for people who are not of the Cadillac persuasion, they will build you a Buick Electra 225 Luxury Convertible or an Oldsmobile 98 Regency Luxury Convertible for about \$22,000. Total production for *all* lines is about 500.

Virtually no exotic builder or customizer or coachbuilder is going to be able to confront a dealer with output larger than that, and if someone goes on to prove he can, he will likely be a rep car builder.



The exotic originals, like Excalibur and Clenet, are all built in small quantities. Two to three hundred units in that business is an exceedingly prolific number. One of the reasons is the nature of the business and another is, most of the companies are brand spanking new—under two years of age.

One of the young ones that looks like it is putting out a super automobile is Matthews Motor Coach Corp., of Camarillo, Calif. Its primary number is the Diamante, a car that seems to contain just a little touch of Excalibur and a slight essence of Duesenberg.

It's a fiberglass, aluminum, and Kevlar creation—Kevlar being a steel-underlaid fiberglass that is often found in power boats. Once again, many of the key components come—surprise—from the Cadillac de Ville, specifically the engine, transmission, steering, air conditioning, front suspension and rear end.

The Caddy front suspension is wedded to Diamante's 2×6×<sup>3</sup>/<sub>8</sub>-inch steel tube chassis, but the rear suspension is distinctly different, incorporating reverse elliptical leaf springs that give the car a very tight ride with not a hint of float. Matthews has moved the engine back 16 inches, and that gives Diamante a 50/50 weight distribution.

According to Rob Hoberman, the company's director of operations, *all* warranty problems are honored for 12 months or 12,000 miles, and he says he is negotiating with GM to stand behind the engine and drivetrain.

Right now, the Matthews company *will* consider working out an agreement with dealers who might be interested in their car. Dealers would have to take two cars up front at the dealer price, they would have to agree to expend a certain amount of dollars in advertising, and they would have to floor plan the car.

The dealer can choose between a four-seat phaeton or a two-seat roadster, and the company plans to soon produce the Diamante Sport III, a \$39,950 mid-size car built around a Chevy chassis and a 350 CID engine.

Right now, though, the Diamante is being put out at the rate of only a couple of cars a

month and, in the early part of '80, that pace will edge up only slightly. Again, it's a handbuilt, crafted by a small and fledgling outfit.

It's a situation similar to the one at Doval Coach Limited, where Don Hart is making the Doval Shadow "B", a car he describes as looking like an SS 100 in front, a Cord on the side and a Duesenberg all over.

It's good looking, built on either an LTD II or Mercury Cougar chassis, several hundred pounds lighter than the finished aforementioned '79s because of its 16-gauge aluminum body.

The problem is, again, limited production. Hart has only been in business about two years, his two East Haven, Conn. shops only employ about 30 people, and he only plans to build 250 of his \$59,500 dreams over a five-year period.

If you consider the Avanti II or even one of several Stutz models, you're again dealing with a car that might not be easy to get. However, if you do manage to order and get one, each car, like the Excalibur and some of the others, can help your profit picture in a small but worthwhile and significant way.

The Avanti II is a direct descendant of that Studebaker marvel that ceased production at about 5,000 units when the then-5th largest U.S. automaker pulled up stakes and retreated from South Bend, Indiana to Canada in the early 1960s.

It is built in the old Studebaker buildings in South Bend, built very much like the originals, by some of the very same people. Arnold Altman has made sure his is one company that pays a lot of attention to detail, and to the customer. He builds about 300 of the fiberglass beauties each year, utilizing a bay-type production line.

Like Excalibur's Stevens, Altman prefers dealing directly with the customer, and he utilizes just a few dealers. However, the car, year after year, is in demand, and if there is such a thing as a modern classic, it would have to qualify. It has proven itself to dealers who have bought it to be as good a drawing card as any car, and it's variously priced from \$18,500 to \$24,000, depending on which of the innumerable options a buyer

selects.

Stutz offers five models, but it builds a total of only 35 cars a year, most of them at a premium. A tag of \$69,500 accompanies the inexpensive brand, \$200,000 the limousine, and they are some of the most striking (and unusual) vehicles around.

To sum up, it appears to AE that there is a healthy market in the U.S. for what might be termed the "specialty" car. Each manufacturer offers a limited supply, sometimes without dealer prices, but there *are* a lot of manufacturers out there. And, the uniqueness of these cars makes their attraction to the public rather unique too, fostering good prices for themselves and for the regular production vehicles standing next to them in the showroom.

If a dealer wants to deal with a car that might be able to boast at least fairly high numbers, he's probably best to deal with several of the convertible customizers that deal in a similar product.

But if a dealer wants volume and is hooked on the "other era" look, his only hopes really are the reproduction cars, which can be granted certain exemptions by the government if their builders produce less than 10,000 of each model.

These cars are generally less expensive, hovering around the \$10,000 mark, and an order can often be secured with several hundred dollars deposit. We've already mentioned one of the manufacturers of these cars, and there are others.

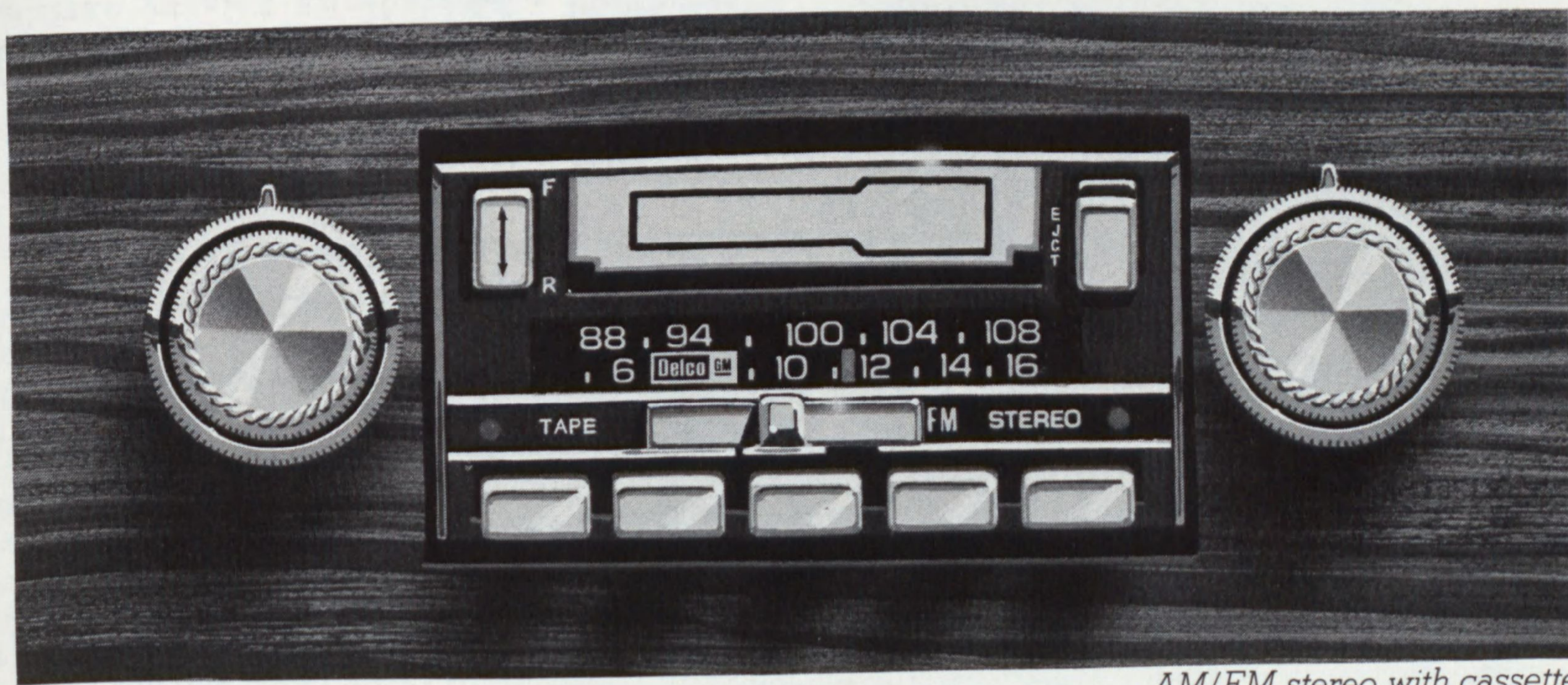
However, a dealer should be aware of one thing: some of these companies are new and some have not yet proven they can produce anything other than prototypes and display pieces. Deposits with such fledgling operations entail risk, of course, but you can minimize the worry. Substitute a letter of credit for a mountain of cash, and you'll likely get the car you want and avoid headaches you don't want.

We admit it all amounts to a different way of working for a dollar, but it seems a dealer looking for an extra avenue toward a good bottom line just might look into all the possibilities available to him. He might find that he's doing himself a huge favor, not to mention his bottom line.

AE



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**Delco Electronics**



Division of General Motors  
Kokomo, Indiana



# John H. Nash Jr.



September 1921-  
September 1979

**J**ohn H. Nash Jr., NADA director for South Texas, died September 29—two days after his 58th birthday—while vacationing in Hong Kong.

Nash was NADA vice president for Region II and served as chairman of the Association's Leasing Committee in 1974 and its Governmental Relations Committee in 1976-77. He began his third three-year term on the NADA board in February 1978.

Starting in the automobile industry as an employee of his father in 1939, Nash became president of Capitol Chevrolet in Austin, Texas, when his father died in 1948. At the time of his death, Nash also was president of Lamar Volkswagen, Inc. in Austin.

He was past president of the Austin Automobile Dealers Association and the Texas Automobile Dealers Association. In 1975, Northwood Institute awarded him its Automobile Dealers Education Award. Nash served as chairman of the board for the Southwest Texas Public Broadcasting Council for six years and, in 1971, was awarded the Austin Man of the Year Award as that city's outstanding civic salesman by the Austin chapter of Sales and Marketing Executives.

An avid outdoorsman, he was owner of John Nash Ranch, a working cattle ranch and hog farm. He was past president of the Texas Hereford Association.

The following memorial resolution was adopted by the NADA board of directors at its October 18 meeting in Afton, Okla.:

## RESOLUTION

*Whereas John H. Nash Jr. long and ably represented new car and truck dealers from his state of Texas on the Board of Directors of the National Automobile Dealers Association, and*

*Whereas his abilities, energies and interests extended beyond his prescribed responsibilities to encompass the needs and concerns of all dealers nationwide, and*

*Whereas he served with distinction in several NADA offices, including vice president of Region II, and chairman of the Leasing and Governmental Relations committees,*

*Whereas he set personal and professional goals and standards of performance and accomplishment that will continually inspire the officers, directors and staff of NADA,*

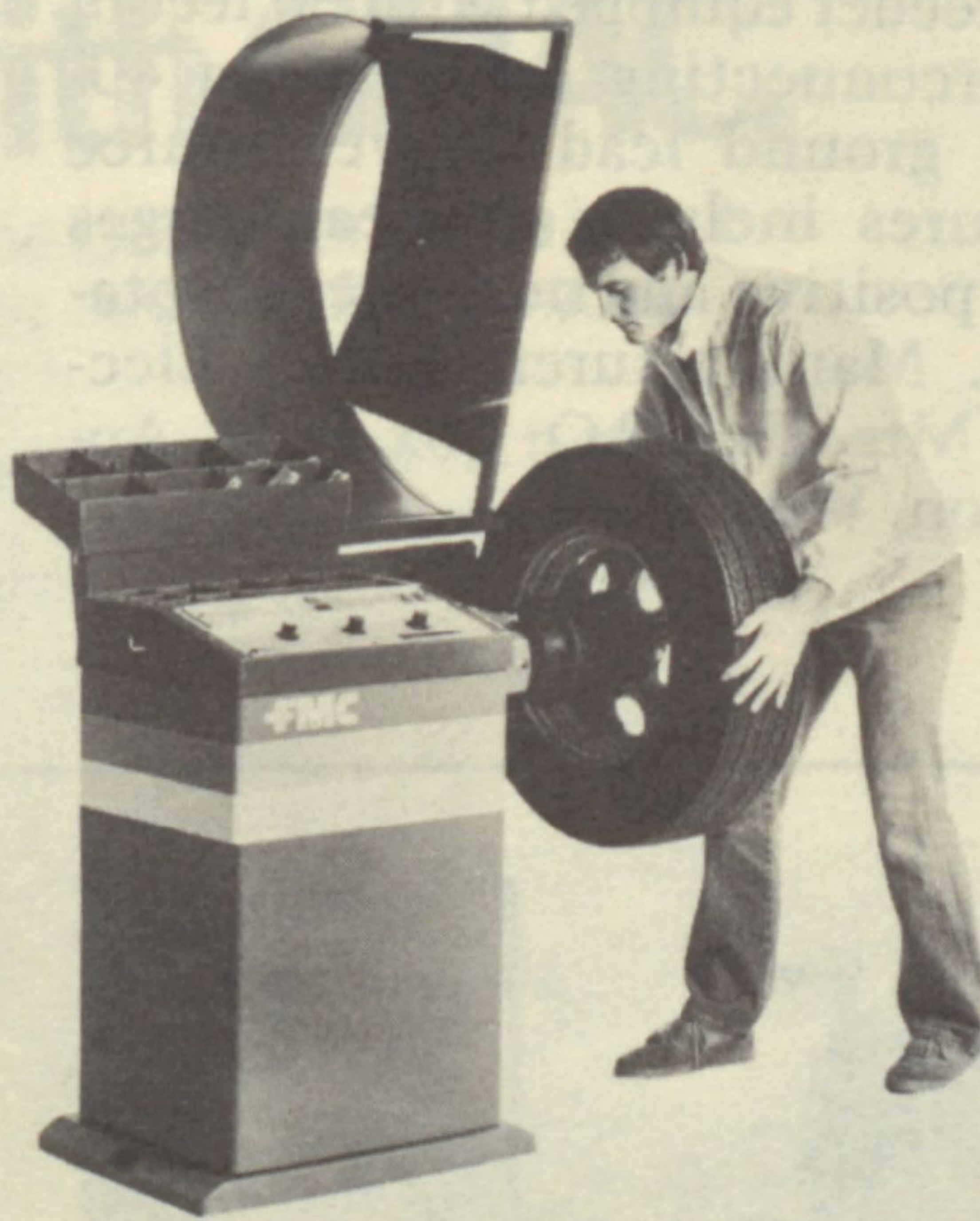
*Now, therefore, be it resolved by the Board of Directors of the National Automobile Dealers Association . . . that the memory of John H. Nash Jr., Director for South Texas, be memorialized in the annals of NADA, and that this resolution be communicated to Mrs. John H. Nash Jr. and her family with the Board's expression of sympathy and lasting love.*



# Showcase

## WHAT'S NEW ON THE MARKET

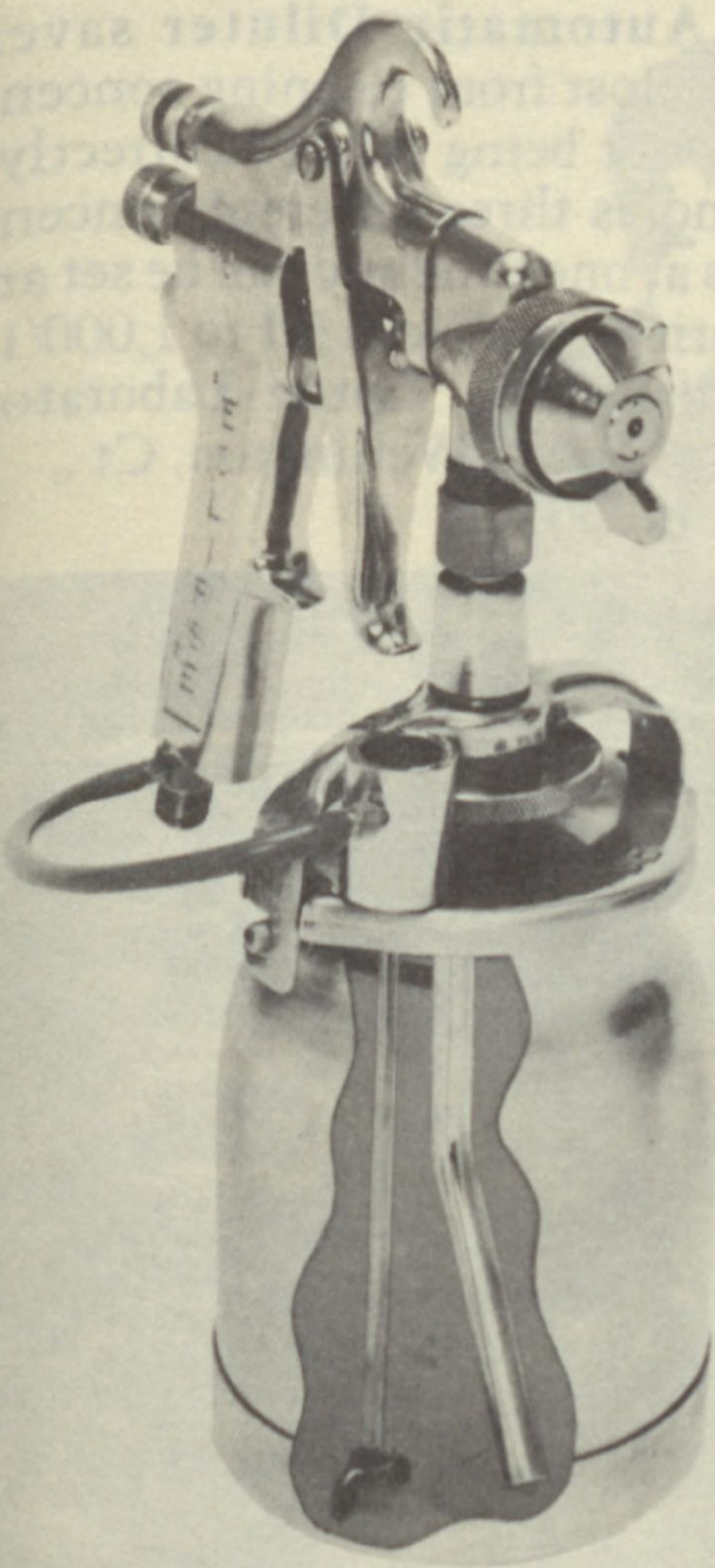
The **Computer Wheel Balancer** is powered by a 1 1/2-hp motor and is available in a choice of 115, 208, and 230 voltages. A variety of optional accessories also are available. Simple, accurate and dependable, it is well-constructed for long-life. Manufacturer: FMC Automotive Service Equipment Division, Industrial Park, Conway, Ark. 72032.



The **Diagnostic System III** is a deluxe engine analyzer featuring 1- to 16-cylinder test capability, magnetic timing, electronic fuel-injection analysis, and a special signal tracer display to check those new "on-board" electronic engine controls. It is available in floor or suspended models. Manufacturer: Allen Testproducts Division, 2101 N. Pitcher St., Kalamazoo, Mich. 49007.

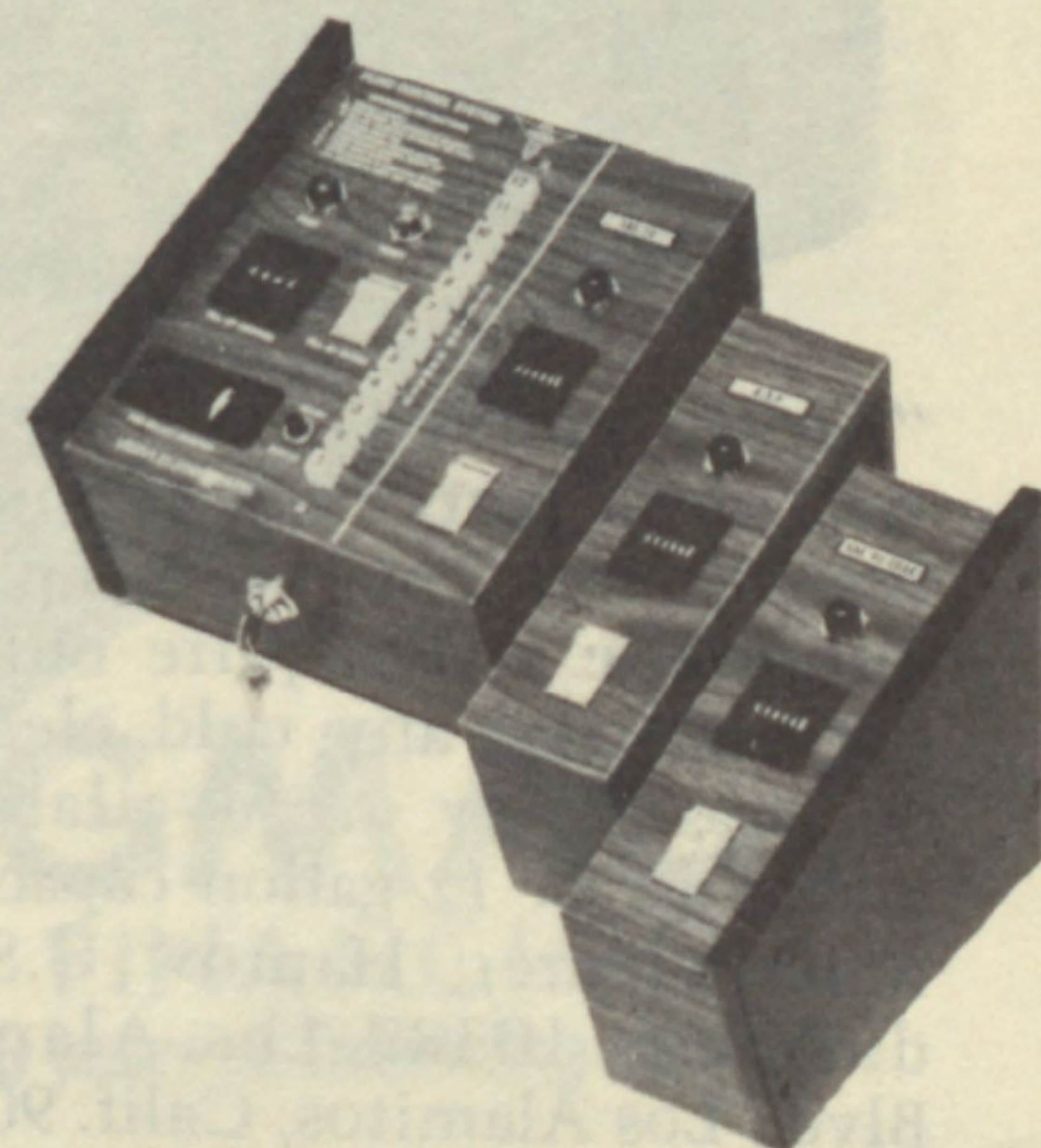


The **Agitated Siphon Cup** contains a small, air-driven agitator which keeps particles in suspension for even coverage when spray painting. It fits any spray gun and can be completely immersed in any solvent for cleaning without damage. Manufacturer: Eclipse Systems, Inc., P.O. Box E, Franklin, N.J. 07416.



The **Exhaust Sentry** automatically starts and stops your present paint booth exhaust fan only when the painter is actually painting. It also features an adjustable, automatically resetting time delay with a range of two seconds to five minutes. Manufacturer: Prolith, Inc., 861 Expressview Dr., Mansfield, Ohio 44905.

The **Model 104067 Fluid Control System** improves inventory control and shop efficiency and cuts lubricant waste. Modular-designed, it dispenses up to six fluids to 12 different dispensing zones or bays, serving up to 72 outlets with motor oil, gear oil, ATF, hydraulic oil or anti-freeze. The system is controlled by a master console. Manufacturer: Lincoln St. Louis, Div. of McNeil Corp., 4010 Goodfellow Blvd., St. Louis, Mo. 63120.

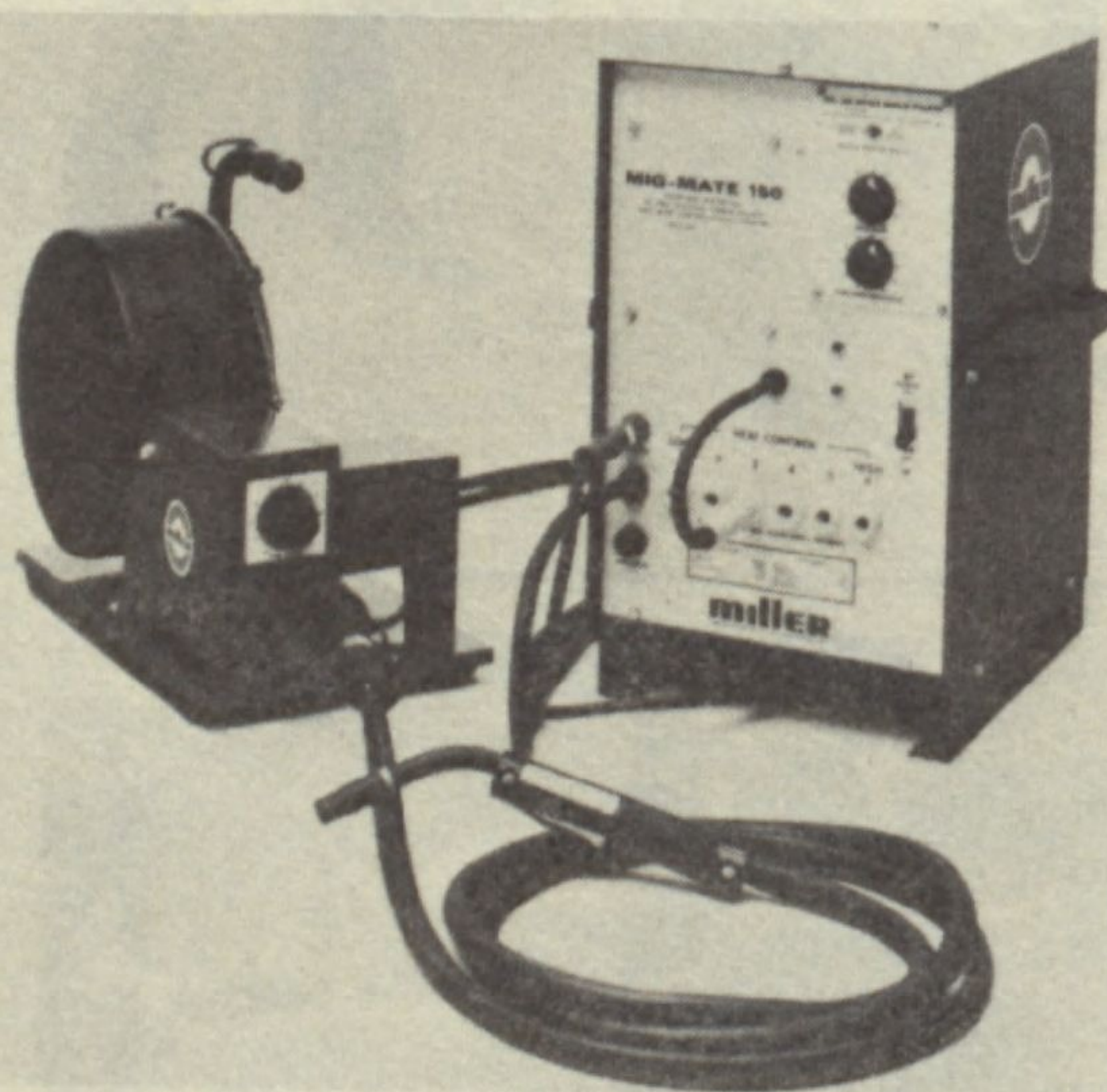






The **Mig-Mate** is a 150 MIG welding package rated at 150 amperes with a 60 percent duty cycle. The constant potential power source is connected to a lightweight portable feeder equipped with 30 feet of interconnecting cable and a 40-foot ground lead. Power source features include six heat ranges and positive and negative receptacles. Manufacturer: Miller Electric Mfg. Co., P.O. Box 1079, Appleton, Wis. 54912.

**Silfab SDR-E** is a silicone, elastomer heater/coolant hose reinforced with polyester braid, heat-vulcanized and post-cured. It can provide up to ten years of service under normal use. Manufacturer: Flexfab, Inc., 1843 Gun Lake Rd., Hastings, Mich 49058.



**Magic Mist**, for new and used car prep, cleans, polishes and protects most any surface. It lends a long-lasting, high lustre to paint, chrome and plastic. It reduces dirt and dust quickly and easily and can be applied with a trigger sprayer or by hand with a soft cloth. Manufacturer: M & H Laboratories, Car Groom Division, 2705 South Archer Ave., Chicago, Ill. 60609.



**AE**



**"Airlift-Agitator"** parts cleaners will clean parts in only three to five minutes. They are completely automatic and require only air pressure and any cold cleaning solvent. They are available in either six or 12-gallon capacities. Manufacturer: Hanrow U.S. Industries, 10389 Los Alamitos Blvd., Los Alamitos, Calif. 90720.



The **Automatic Diluter** saves money lost from cleaning concentrates not being diluted correctly. It handles three different concentrates at one time and can be set at a dilution rate from 5/1 to 1,000/1. Manufacturer: Tipton Laboratories, Inc., 2202 Wellington, Ct., Lisle, Ill. 60532.



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ly clean and protect all vinyl tops and interiors). And now our newest breakthrough in automotive aftercare—POLYGLYCOAT SOUND SHIELD, protection for the underside of cars. Only with POLYGLYCOAT SOUND SHIELD is there a certificate of application from the dealer, which is the consumer's assurance of proper application.

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